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ABSTRACT

A study examined occupational and skill change within the retail sector in Europe so that training and development schemes can be put in place. Data were collected in the following ways: compilation of information on the level of employment, skills, and training in the retail sector of European countries; compilation of national data on broad-based business and organizational trends, employment skills, and training data; and case studies of a cross-section of companies and establishments. Some of the major findings were the following: (1) the retail sector across Europe reflects the traditions of each of the nations, with retailing highly developed and structured in the north and less structured in the south; (2) the retail sector will become more homogeneous during the next decade by the creation of the European Union, but employment patterns will remain disparate; (3) part-time work is a factor in much of the retail industry; (4) training takes up 1-3 percent of labor costs, comparable to manufacturing, banking, and insurance industries; (5) most continuing education is company based; (6) advanced technology has been rapidly introduced into the retail industry; (7) greater emphasis is being placed on the development of interpersonal skills for customer service; and (8) more human resources and training personnel are being employed. The study concluded that the European retail sector will probably employ about the same number of people in the year 2000, but in fewer, larger establishments, and with more female employees. More training is expected. (The report contains 36 references and 7 case studies of companies in Germany, Greece, Ireland, Italy, Northern Ireland, Spain, and the United Kingdom.) (KC)

ED 391 079

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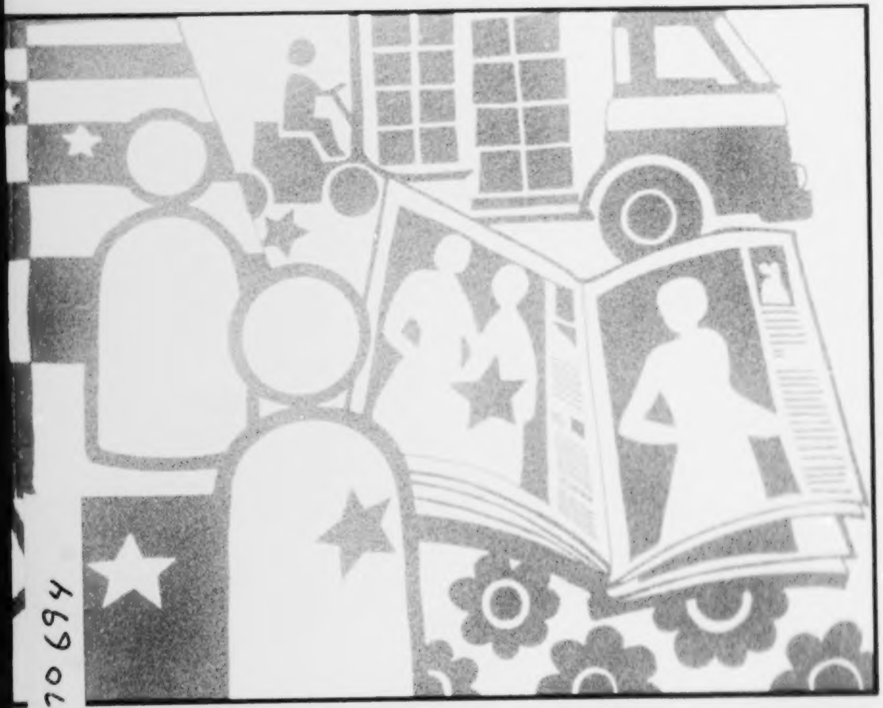
# OCCUPATION AND SKILL CHANGE IN THE EUROPEAN RETAIL SECTOR

A study for CECD and EURO-FIET
supported by the Commission of the
European Communities
Task Force Human Resources

Mark Spilsbury, Janet Toye,
Claire Davies



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*I M S*

# OCCUPATION AND SKILL CHANGE IN THE EUROPEAN RETAIL SECTOR

**A study for CECD and EURO-FIET supported by the Commission of the European Communities Task Force Human Resources**

Mark Spilsbury, Janet Toye,
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# Chapter 1 Summary and Overview

## 1.1 Study Background and Objectives

This report was commissioned for CECD and EURO-FIET and supported by the European Commission's Task Force on Education and Human Resources, which is concerned to improve the effectiveness of the retail sector in the Community. It has commissioned this research to examine occupational and skill change within the sector, so as to further understand future skill needs so that appropriate training and development mechanisms can be put in place.

## 1.2 Research Methodology

The research was undertaken in three phases:

- compilation of data at a European level about employment, skills and training in the retail sector and in each Member State;
- compilation of national data on broad based business and organisational trends, employment skills and training data;
- case studies of a cross-section of companies and establishments.

## 1.3 Main Findings

The retail sector across Europe reflects perhaps more than any other industrial sector the traditions of each of the nation states. Each Member State's retail sector is starting from a considerably different base. Caricaturing the situation, the sector is highly developed and structured in the North and less structured in the south.

Over the next decade we expect to see an increase towards harmonisation of the retail sector across Europe, a process accelerated by the creation of the Single Market. We do not, however, expect to see a complete harmonisation of employment patterns; the starting points are too far apart for this to happen. In essence, the less structured countries will become more like the developed countries currently, and the developed countries will continue current paths of development. Below we discuss the main trends under their various headings:

## Structure

- The retail sector is a major producer of value added and a major employer in the European Community. Overall share of GDP has been relatively unchanged in recent years, but there is some evidence of an increasing share of total employment.

- The number of retail outlets is generally decreasing. There are trends towards larger shops, located out of city centres and fewer food shops.

- As the number of large chains of shops develop, small independents are joining together in buying groups to increase their purchasing power.

- Other trends which are notable include the growth of buying shops and the increase in 'distance shopping' (which includes home shopping and mail order shopping).

## Employment

- Part-time work is a major feature of the retail industry, and appears to be slowly increasing; it is much less important in countries with a high proportion of self-employed and family workers.

- Whilst in Europe overall 56 per cent of retail employees are women, there are marked differences between Member States. The proportion of female employees appears to be stable. The incidence of part-time work and women employees is closely linked.

## Training

- There are a variety of training systems in existence across the Member States. Many countries have a long history of apprenticeship training, but this may not include the retail sector.

- Although the data that exists is dated, it indicates that the amount spent on training varies between less than 1 per cent to 3 per cent of all labour costs, comparable to that spent in the manufacturing, banking and insurance sectors, but less than construction and civil engineering.

- Initial training may be carried out externally prior to employment or may be based at the workplace with trainees receiving education and training on a day-release basis.

- Continuing education and training is largely company based, but many involve external agencies. At present it is mainly targetted at managerial level workers. However, there are several interesting initiatives being developed in some Member States; for example, the introduction of National Vocational Qualifications (NVQs) for the retail sector in the UK; training for 'retail technicians' in Spain, and a modular training system in the Netherlands.

- The role of the social partners in the training process varies widely across Europe, with a strong role at national level and in works councils in one or two countries, but relatively weak at the local level.

**Factors for Change**

Factors which have been identified as having an impact on skill needs include technological change, changing management structures, increased emphasis on the use of customer services, demographic trends, and the completion of the Single Market. These are explained below:

- Advances in technological systems have been rapidly introduced into the retail sector, with the most highly visible element being the introduction of EPOS technology. This has considerable implications for the supply chain, and for the content of managerial jobs.

- Training for the introduction of IT has proceeded smoothly to date and no difficulties are anticipated in the future.

- Companies are showing increased tendencies to centralise some operations and a greater devolution of others to junior management, aided by greater computer technology. This gives a greater emphasis on skills at the store management level.

- Customer service is being seen as major competitive tool, so that greater emphasis is being placed on the development of inter-personal skills through training.

- A reduction in the supply of young people within the external labour market will require employers to use alternative labour sources such as older workers, and to make greater use of existing employee's potential by providing training and staff development.

- The completion of the Single Market will accelerate the process towards harmonisation of structure and employment of the retail sector, although it is doubtful whether complete harmonisation will be achieved by the end of the century. The implementation of the Social Chapter is likely to have an impact on labour relations.

## Occupational and Skill Change

Data on occupational and skill change is scarce, and is provided primarily by evidence from the case studies and extrapolation of the major trends. The case study companies themselves did not think in terms of long-term human resource strategies, focussing instead on their immediate competitive needs and where relevant, their implications for human resources. Analysis of emerging trends in these companies shows that:

- The number of people employed in specialist roles at the headquarters of companies appeared to be increasing. In particular more human resources and training personnel were being employed.

- The use of part-time staff is likely to increase, particularly in the under-developed Member States, until it approaches the levels of the UK and Germany.

- The responsibilities of store managers were being increased and they were expected to become increasingly flexible over a wider range of issues. Traditional management specialisms were dying out, to be replaced by generalist managers.

**Alternative Scenario**

The case studies demonstrated a general scenario of a move towards centralisation of supply functions, combined with an increase in some aspects of decision making at local level and increased emphasis on customer service, all of which puts greater demands on training. One case study presented an alternative scenario. Here, a dramatically successful business had been built on a production innovation, and franchising. Customer service was not seen as a priority, and training (and indeed HR strategy) played a much reduced role.

## 1.4 Retailing in the Year 2000

Our vision of the retail sector in the year 2000 is thus one of a sector which:

- is of a roughly similar size to that which currently exists in terms of its relative share of GDP and total employment;

- is increasingly based in a fewer number of larger outlets, but which still retains a significant number of small outlets to cater for specialist shopping;

- remains a high, and probably increasing, employer of female labour. Part-time working will also increase across the Community, but with the number of self-employed/ family workers declining;

- has a higher proportion of managerial staff relative to basic grade workers, and these managers have to cope with a greater range of skills. The nature of the job will change for basic grade workers to encompass softer customer care skills;

- invests a greater amount in training.

# Chapter 2 Introduction

## 2.1 Study Background and Objectives

This report was commissioned for CECD and EURO-FIET and supported by the Commission of the European Communities, Task Force Human Resources. The Task Force, and the Social Partners (represented by CECD and EUROFIET) are concerned to improve the effectiveness of the retail sector in the Community. In order to do this it requires a detailed understanding of the future skill needs of the sector in order that appropriate training and development strategies can be implemented.

The more detailed study objectives were:

- to assess data currently available about employment and skill trends in the retail sector;
- to prepare forecasts of the probable structure of employment in the sector;
- to prepare qualitative forecasts of probable skill needs.

## 2.2 Methodology

The research involved three main areas:

- compilation of data at a European level about employment, skills and training in the retail sector and in each Member State;
- compilation of national data on broad based business and organisational trends, employment skills and training data;
- case studies of a cross-section of companies and establishments to identify current patterns and likely future trends in the employment structure, the occupational structure and changing skill needs and occupational balance. The case studies were chosen to reflect differences due to different countries' product sub-sector and organisational structures.

## 2.3 Terms and Definitions used in the Study

The definition of what constitutes 'retail' varies across each of the member states, but where possible we have limited it to that used in the ISIC: that is, it is the distribution sector, excluding the wholesale elements. Where it is more applicable, or more illuminating, or it is the only data available, we have reported data on distribution including wholesale elements.

The retail sector can be sub-divided in a variety of ways to reflect its different aspects. A major distinction is between food and non-food retailing. More narrow specialisms are used in some countries' statistics, for example, dairy, meat, and fish within the food sector, chemists, bookshops and fashion for non-food. Retail activity can also be differentiated by type of outlet: department stores, variety stores, hypermarkets, supermarkets, other self-service, and mail order: or by form of organisation: cooperatives, multiples, affiliates and independents. Affiliates are voluntary associations and buying groups whose members are independents.

Furthermore, retail outlets can be sub-divided by size. This is usually done on the basis of the number of employees, but the relatively recent emergence of hypermarkets and superstores has led to a definition on the basic of area of salesfloor. Hypermarkets are those with a sales area of greater than 2,500 square metres, supermarkets those with a sales area greater than 400 square metres and up to 2,500 square metres.

With the exception of specialist occupational groups, such as human resources personnel and buyers, the majority of staff within the retail sector fall into one of three main categories:

- managerial;
- supervisory;
- basic grade, encompassing sales staff, stockroom staff and other manual workers.

Little data is available on occupational groupings beyond these broad headings. There are, however, also other definitions which are used in the European context, particularly in the retail sector, namely:

- employees - a salaried employee;
- self-employed/owner;
- family worker - one belonging to the same family as the owner and working in the same business.

## 2.4 Structure of the Report

The remainder of the report is structured as follows:

- *Chapter 3* examines the nature of the retail sector, examining its importance relative to the rest of the economy, the structure of the sector and major trends.

- *Chapter 4* describes employment in the retail sector, including an overview of European-wide trends, and trends in the nature of work, including part-time working, employment of young people, women and changing educational levels.
- *Chapter 5* gives an overview of training in the retail sector including general arrangements for training, costs of training, initial and continuing training, the role of the social partner and emerging issues.

- *Chapter 6* summarizes the findings from the case studies and examines the main issues arising from them.

- *Chapter 7* examines factors which we believe are likely to change skill needs: technological change, changing company and management structures, increasing emphasis on customer service as a competitive weapon, demographic trends and the impact of the single market. We then consider actions required to meet these skill needs.

- *Chapter 8* looks at occupational and skill change, bringing together the trends, forces and influences identified in the preceeding chapters, particularly focussing on the outcomes from the case study material.

- *Chapter 9* gives our speculative view of the size, structure and employment conditions which may exist in the retail sector in the year 2000.

# Chapter 3 The Retail Sector in Europe

## 3.1 Relative Importance of the Retail Sector in the European Economy

The retail sector is a major producer of value added and a major employer in the European Community. Whilst we can obtain indications of the relative importance of the sector, few relevant or accurate statistics are available. As noted by Benassi, Broadbridge and Vogelsang (1990), there have been few attempts to produce comparative statistics on the retail sector, and these have tended to have been made on the basis of non-comparative data produced by market research companies. We have gathered data from different sources and on occasion they do not exactly correlate.

Distribution's share of Gross Domestic Product (GDP) has been relatively unchanged between 1980 and 1988, as shown in Table 3.1, with some countries showing a slight increase (GB, Netherlands), some a slight decrease (France) and some no change over the period (Italy). Retail does, however, account for a significant proportion of GDP in all Member States.

**Table 3.1 Distribution's Share of Gross Domestic Product**

| Year | Belgium | France | Italy | Netherlands | Great Britain |
|---|---|---|---|---|---|
| | % | % | % | % | % |
| 1980 | 10.5 | - | 13.7 | 12.3 | 12.5 |
| 1981 | 9.9 | 11.7 | 13.7 | 12.0 | 12.4 |
| 1982 | 10.0 | 11.5 | 14.0 | 12.1 | 12.2 |
| 1983 | 10.5 | 11.3 | 14.1 | 12.0 | 12.3 |
| 1984 | 9.9 | 11.1 | 14.1 | 12.0 | 12.8 |
| 1985 | 10.6 | 11.0 | 14.2 | 12.1 | 13.2 |
| 1986 | 12.2 | 10.7 | 14.0 | 12.5 | 14.0 |
| 1987 | 12.8 | - | 13.9 | 13.1 | 13.9 |
| 1988 | - | - | 13.7 | - | - |

*Source: Distributive Trades in EC Countries, Statistisches Bundesamt*

At the same time employment in the sector has been growing as a proportion of total employment in some Member States (France, Italy and GB), with the exceptions being Belgium and the Netherlands.

**Table 3.2 Proportion of Total Employment in Distribution**

| Year | Belgium | France | Italy | Netherlands | Great Britain |
|---|---|---|---|---|---|
| | % | % | % | % | % |
| 1980 | - | 11.6 | 12.7 | 16.0 | 14.6 |
| 1981 | - | 11.6 | 13.0 | 15.8 | 14.8 |
| 1982 | - | 11.7 | 13.5 | 15.5 | 14.8 |
| 1983 | - | 11.7 | 14.0 | 15.6 | 15.0 |
| 1984 | 11.8 | 11.8 | 14.7 | 15.6 | 15.3 |
| 1985 | 11.9 | 11.8 | 14.8 | 15.6 | 15.3 |
| 1986 | 11.9 | 11.9 | 15.0 | 15.6 | 15.4 |
| 1987 | - | 12.1 | 15.4 | 15.8 | 15.4 |
| 1988 | - | - | 15.4 | 15.9 | 15.4 |

* *Figures relate to employment measured in working years*

*Source: Distributive Trades in EC Countries*

## 3.2 Structure of European Retailing

We can examine the structure of retailing in a variety of manners - by number, size or type of store. Below we examine major trends under each of these headings.

### Number of Outlets

The number of outlets in retail trade is generally declining in most Member States. Comparable information across all Member States is difficult to obtain. However, Table 3.3 shows data were it is available.

We should note several points about this data:

- data for France are limited to outlets employing at least one employee ie. excludes businesses which are run only by the self-employed and family workers;

- data for Netherlands include administrative offices of business;
- data for Great Britain also include mobile shops, market stalls and retail outlets on the premises of other traders;
- Germany shows an exception to the general trend, as the number of shops is increasing.

### Table 3.3 Number of Outlets in Retail Trade

| Year | Belgium | France | Italy | Netherlands | Great Britain | Germany | Portugal | Spain* |
|---|---|---|---|---|---|---|---|---|
| 1980 | - | - | - | 160,191 | 368,253 | 367,505 | - | - |
| 1981 | - | - | 994,760 | 160,648 | - | - | - | - |
| 1982 | - | 215,608 | 981,873 | 160,471 | 356,590 | - | - | - |
| 1983 | - | 216,097 | 991,300 | 159,502 | - | - | - | - |
| 1984 | - | 216,908 | 984,342 | 158,254 | 349,728 | 385,887 | - | - |
| 1985 | - | 213,752 | 973,632 | 159,526 | - | - | - | 113,239 |
| 1986 | - | 209,786 | 957,292 | 158,283 | 343,387 | - | - | 112,593 |
| 1987 | - | 209,399 | 972,711 | 159,168 | - | - | 86,149 | 115,753 |
| 1988 | - | - | - | 158,617 | - | 396,674 | - | 115,768 |

* *Note: Food only. A reclassification in data collection method in 1986 led to the apparent increase in the number of outlets.*

*Source: Distributive Trades in EC Countries*

### Size of Shops

It should be noted that different countries adopt different definitions. In the UK a supermarket has at least 465 sq m of selling space, a superstore a sales area of at least 2,324 sq m and a hypermarket a sales area of at least 4,647 sq m. On the continent a supermarket is defined as having at least 400 sq m and a hypermarket at least 2,500 sq m.

Despite these definitional problems, it can be seen that there is an increasing trend towards larger shops, with a trend towards increased numbers of supermarkets and hypermarkets (normally called *superstores* in the UK) as shown in the Tables below.

Accordingly, the amount of selling space available in the large stores has increased dramatically. In Great Britain, for example, the amount of selling space in hypermarket shops meeting the European definition doubled between 1980 and 1988, and the increase was even larger in Italy.

## Table 3.4 Number of Supermarkets and Hypermarkets

### Number of Supermarkets

| Year | Belgium | France | Italy | Nether-lands | Great Britain | Germany | Portugal | Spain* |
|---|---|---|---|---|---|---|---|---|
| 1980 | 905 | - | - | - | - | - | - | - |
| 1981 | 971 | 3,822 | 1,508 | - | - | - | - | - |
| 1982 | 997 | - | - | - | - | - | - | - |
| 1983 | 1,005 | - | - | 1,705 | - | - | - | - |
| 1984 | 1,100 | - | - | - | - | - |  | - |
| 1985 | 1,268 | - | - | 1,957 | - | - | - | 1,450 |
| 1986 | 1,699 | 5,788 | 2,551 | 1,953 | - | - | - | 1,622 |
| 1987 | - | - | - | - | 1,008 | - | - | 4,938 |
| 1988 | - | - | - | 2,010 | 1,052 | - | - | 5,292 |

*Source: Distributive Trades in EC Countries*

### Number of Hypermarkets

| Year | Belgium | France | Italy | Nether-lands | Great Britain | Germany | Portugal | Spain* |
|---|---|---|---|---|---|---|---|---|
| 1980 | 78 | - | - | 18 | 278 | - | 100 | - |
| 1981 | 82 | 460 | 13 | 18 | 315 | - | - | - |
| 1982 | 81 | - | - | 19 | 345 | - | - | - |
| 1983 | 82 | - | - | 19 | 372 | - | 155 | - |
| 1984 | - | - | - | 19 | 396 | - | - | - |
| 1985 | 75 | - | - | 19 | 432 | - | - | 64 |
| 1986 | 76 | - | - | 22 | 457 | - | 164 | 72 |
| 1987 | - | 687 | 51 | 27 | 500 | - | 107 | 91 |
| 1988 | - | - | - | - | - | - | - | 99 |

*Source: Distributive Trades in EC Countries*

The trend towards larger shops is not a new phenomenon. In the UK the numbers of small retail businesses has been falling steadily since the 1960s and the rate of decline quickened over the 1970s. Shops operated by small businesses have been closing at a net rate of 30 per day since 1960, although this net figure disguises the very high rate of retail firm birth and even higher death rates. During the period 1973 to 1991 over 60,000 small firms have closed and the retail trade became increasingly dominated by large companies. In the UK the largest 10 retail firms control a third of all retail sales and more than half the sales of food, clothing, footwear and leather goods.

## Table 3.5 Selling Space in Supermarkets and Hypermarkets

### Selling Space of Supermarkets

| Year | Belgium | France | Italy | Netherlands | Great Britain |
|---|---|---|---|---|---|
| 1980 | - | - | - | - | - |
| 1981 | - | 3,059,000 | 1,148,232 | - | - |
| 1982 | - | - | - | - | - |
| 1983 | - | - | - | 1,370,000 | - |
| 1984 | - | - | - | - | - |
| 1985 | - | - | - | - | - |
| 1986 | 1,478,025 | - | - | 1,572,000 | - |
| 1987 | 1,514,142 | 4,727,000 | 2,016,682 | - | - |
| 1988 | - | - | - | 1,678,000 | 1,557,962 |

*Source: Distributive Trades in EC Countries*

### Selling Space of Hypermarkets* (sq m) ( >2,500 sq m)

| Year | Belgium | France | Italy | Netherlands | Great Britain |
|---|---|---|---|---|---|
| 1980 | - | - | - | 59,200 | 871,795 |
| 1981 | - | 2,562,000 | 92,827 | 67,200 | 1,027,069 |
| 1982 | - | - | - | 68,400 | 1,150,772 |
| 1983 | - | - | - | 68,400 | 1,247,600 |
| 1984 | - | - | - | 81,900 | 1,317,330 |
| 1985 | - | - | - | 88,000 | 1,428,140 |
| 1986 | 501,494 | - | - | - | 1,550,670 |
| 1987 | 520,004 | 3,549,000 | 241,167 | 98,300 | 1,626,744 |
| 1988 | - | - | - | - | 1,785,730 |

*Source: Distributive Trades in EC Countries**

In Germany rationalization measures have increased price competition among the large food retailers. Many small and medium sized companies found this pressure difficult to resist and many have ceased trading altogether. Many of the smaller companies grouped together in purchasing co-operatives, but have still found it difficult to operate at competitive price levels. The costs of smaller companies are inevitably higher. Further growth is forecast for hypermarkets.

## Table 3.6 Number of Outlets in Food and Non-Food Retailing

### Food

| Year | Belgium | France | Italy | Netherlands | Great Britain | Germany | Portugal |
|---|---|---|---|---|---|---|---|
| 1980 | - | - | - | 53,776 | 177,975 | 101,841 | - |
| 1981 | - | - | 409,971 | 52,579 | - | - | - |
| 1982 | - | - | 393,307 | 51,582 | 170,943 | - | - |
| 1983 | - | - | 388,955 | 51,013 | - | - | - |
| 1984 | - | - | 383,009 | 50,623 | 162,452 | 93,927 | |
| 1985 | - | - | 370,298 | 50,824 | - | - | - |
| 1986 | - | 64,089 | 354,674 | 49,991 | 156,262 | - | - |
| 1987 | - | - | 354,526 | 49,717 | - | - | 45,032 |
| 1988 | - | - | - | 48,536 | - | 85,163 | - |

*Source: Distributive Trades in EC Countries*

### Non-Food

| Year | Belgium | France | Italy | Netherlands | Great Britain | Germany | Portugal |
|---|---|---|---|---|---|---|---|
| 1980 | - | - | - | 106,415 | 190,278 | 265,664 | - |
| 1981 | - | - | 584,789 | 108,069 | - | - | - |
| 1982 | - | - | 588,566 | 108,889 | 185,647 | - | - |
| 1983 | - | - | 602,345 | 108,489 | - | - | - |
| 1984 | - | - | 601,338 | 107,631 | 187,276 | 291,960 | |
| 1985 | - | - | 603,341 | 108,702 | - | - | - |
| 1986 | - | 145,323 | 602,618 | 108,292 | 187,125 | - | - |
| 1987 | - | - | 618,185 | 109,451 | - | - | 41,117 |
| 1988 | - | - | - | 110,081 | - | 311,511 | - |

*Source: Distributive Trades in EC Countries*

However, this trend is not uniformly repeated across Europe. Bennetto and Nundy comment on the strength and resilience of the small firm sector in France, particularly the food sector. Despite the trend towards rising numbers of hypermarkets the number of small shops is still growing. The authors ascribe this to:

- different renting conditions;
- different organisational structure of supermarket chains, whereby French supermarkets lack the central quality control of UK equivalents;
- French buying patterns.

There is evidence to suggest that saturation point for hypermarkets is being reached in many countries. Stores practising a traditional 'counter-service' have recovered some degree of market share and few new hypermarkets are being opened. In many countries hypermarkets are having to move into 'non-foods' in order to expand, but results have been mixed. In addition, specialists are being allowed into many hypermarkets in such areas as dry-cleaning, travel agencies, shoe repairs, florists and banks. By offering such services hypermarkets are effectively becoming shopping 'malls'.

### Table 3.7 Employment in Food and Non-Food Retailing

**Food**

| Year | Belgium | France | Italy | Netherlands | Great Britain |
|---|---|---|---|---|---|
| 1980 | - | - | - | 168,704 | 1,091,000 |
| 1981 | - | 652,400 | 754,574 | 169,000 | - |
| 1982 | 82,625 | 658,300 | 792,101 | 172,520 | 1,045,000 |
| 1983 | - | 664,700 | 792,510 | 176,210 | - |
| 1984 | - | 667,500 | 802,842 | 169,263 | 1,068,000 |
| 1985 | 88,844 | 664,700 | 788,099 | 168,212 | - |
| 1986 | 94,484 | 670,200 | 771,192 | 170,760 | 1,086,000 |
| 1987 | - | 681,600 | 768,512 | 192,000 | - |
| 1988 | - | - | - | - | - |

**Non-Food**

| Year | Belgium | France | Italy | Netherlands | Great Britain |
|---|---|---|---|---|---|
| 1980 | - | - | - | 299,162 | 1,317,000 |
| 1981 | - | 933,400 | 1,204,264 | 298,685 | - |
| 1982 | 103,507 | 939,900 | 1,329,233 | 285,651 | 1,213,000 |
| 1983 | - | 939,300 | 1,376,283 | 288,190 | - |
| 1984 | - | 927,900 | 1,413,503 | 287,591 | 1,249,000 |

| | | | | | |
|---|---|---|---|---|---|
| 1985 | 107,135 | 920,200 | 1,439,956 | 282,054 | - |
| 1986 | 110,477 | 926,900 | 1,469,374 | 287,285 | 1,247,000 |
| 1987 | - | 944,700 | 1,502,718 | 301,302 | - |
| 1988 | - | - | - | - | - |

### Structure by Type of Outlet

The retail sector can be further divided into the type of product that is sold. The most basic split is by food and non-food, although this distinction is becoming increasingly blurred, with food outlets increasingly also selling non-food products.

Generally speaking, across Europe the number of food outlets decreased (see Table 3.6 above) and the number of non-food outlets increased between 1980 and 1988. However, employment in both food and non-food sectors increased in most Member States over the same period, with Great Britain an obvious exception.

## 3.3 Other Major Trends

### Growth of Buying Groups

Large mixed retailers such as department stores and variety stores have found it hard to adjust to the new development of out-of-town superstores and retail complexes. The advantages of department and variety stores, such as having prestigious high street locations and well-established names, have failed to overcome disadvantages, such as high costs, higher rents and limited parking facilities. The response of these shops has tended to be towards greater specialization.

As a response to these pressures, many independent retailers in many European countries have combined to form 'buying groups' or affiliations, where the independent retailers purchase goods from common wholesalers, sometimes even operating under a common fascia, and may have access to marketing services on preferential terms.

### Distance Shopping

There is an increased trend towards 'Distance Shopping', whether by Home Shopping usually viewing by TV, ordering on the telephone and paying by credit card or by mail order. Home shopping is an increasingly popular phenomenon in almost all European countries, and is beginning to gain customer acceptance in countries traditionally unprepared to shop in this way. Generally, distance shopping is strongest in those countries which already have a well developed retail structures, for example, the UK or Germany[1].

Factors influencing this increased demand for home shopping are:

- the increased proportion of women who are working, leading to increased incomes, yet reduced leisure time;
- improvements in marketing of mail order companies;
- the emergence of highly targeted specialist mail order companies.

**Table 3.8 Market Share of Mail Order Companies (as a percentage of total retailing turnover)**

| | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|---|
| | % | % | % | % | % | % |
| Belgium | 1.3 | 1.3 | 1.4 | 1.4 | 1.4 | 1.4 |
| Denmark | 1.6 | 1.7 | 1.8 | 1.8 | 1.8 | 2.0 |
| France | 2.4 | 2.4 | 2.4 | 2.5 | 2.6 | 2.7 |
| Ireland | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 |
| Netherlands | 1.3 | 1.4 | 1.6 | 1.6 | 1.7 | 1.7 |
| Spain | n/a | n/a | n/a | n/a | n/a | n/a |
| United Kingdom | 3.5 | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 |
| Germany | 5.7 | 5.4 | 5.4 | 5.2 | 5.3 | 5.7 |

*Source: Euromonitor*

Other factors which are important for determining the level of home shopping include:

- the existence of a reliable postal service;
- the ease of money transfer;
- the size and dispersion of the population;
- the shop density; and
- the transport infrastructure.

---

[1] Although no data is available for the southern European countries - as there is for others (see Table 3.8) - reports from experts on retail in those countries imply that the market share of home shopping in those countries is low.

### 3.4 Summary

In this chapter we have examined the overall nature of the retail sector, including an examination of its overall importance, its structure and major trends. The major points to note are:

- the sector is a prime producer of value added and employer in Europe. Retail produces between 10 and 14 per cent of Member States' GDP and employs between 12 and 16 per cent of the employed workforce;
- with the exception of Spain and Germany, the number of retail outlets is declining;
- there has been an increased trend to larger outlets, with a particular growth in supermarkets and hypermarkets. In the more developed countries, there is evidence that this may have peaked, as there is an increased demand for personal, 'counter' service;
- other major trends include the formation of 'buying groups' by independent stores, and an increase in home shopping.

# Chapter 4 Employment in the Retail Sector

## 4.1 Introduction

In this chapter we begin by showing the overall size of the Community labour force and then describe trends in retail employment for a number of indicators for countries included in Eurostat data[1]. We conclude with a discussion of some of the key issues in the light of relevant literature and case studies.

## 4.2 European Trends

### The Community Labour Force

The Community labour force totalled over 133 million in 1990 distributed as shown in Figure 4.1. Germany and the UK have the largest labour forces in the Community and these two countries, together with France and Italy, accounted for 74 per cent of the Community's labour force. Spain has the next largest.

### Share of Retail Employment in All Employment

The EC report *Employment in Retail Trade in EC Countries*, 1985, found similarities in retail's share of employment among the different EC countries between 1970 and 1981. It varied from 6.4 per cent at the minimum to 11.7 per cent at the maximum with an average of about 8 per cent[2].

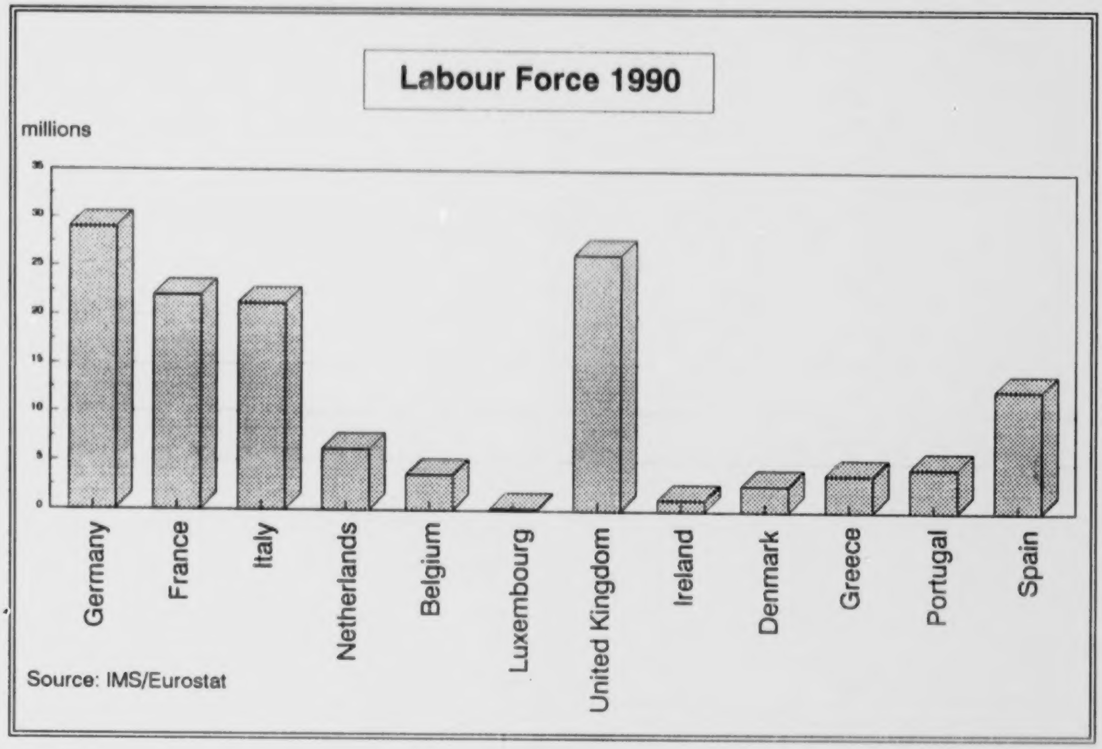
The range in 1990 by Labour Force Survey data (as shown in Figure 4.2) was between 8 and 12 per cent, so the proportion employed in retail throughout the Community has risen slightly over the last twenty years. However, the pattern has varied country by country over time as shown in Figure 4.3.

---

[1] Eurostat figures for persons employed in the retail sector break down total numbers by male and female, distinguish between self-employed and family workers as one category, and employees as another, and further subdivide those in both categories as between full-time and part-time. Except in one case, data are not available for Italy. All Tables and Charts in this chapter are based on Eurostat data available in 1990.

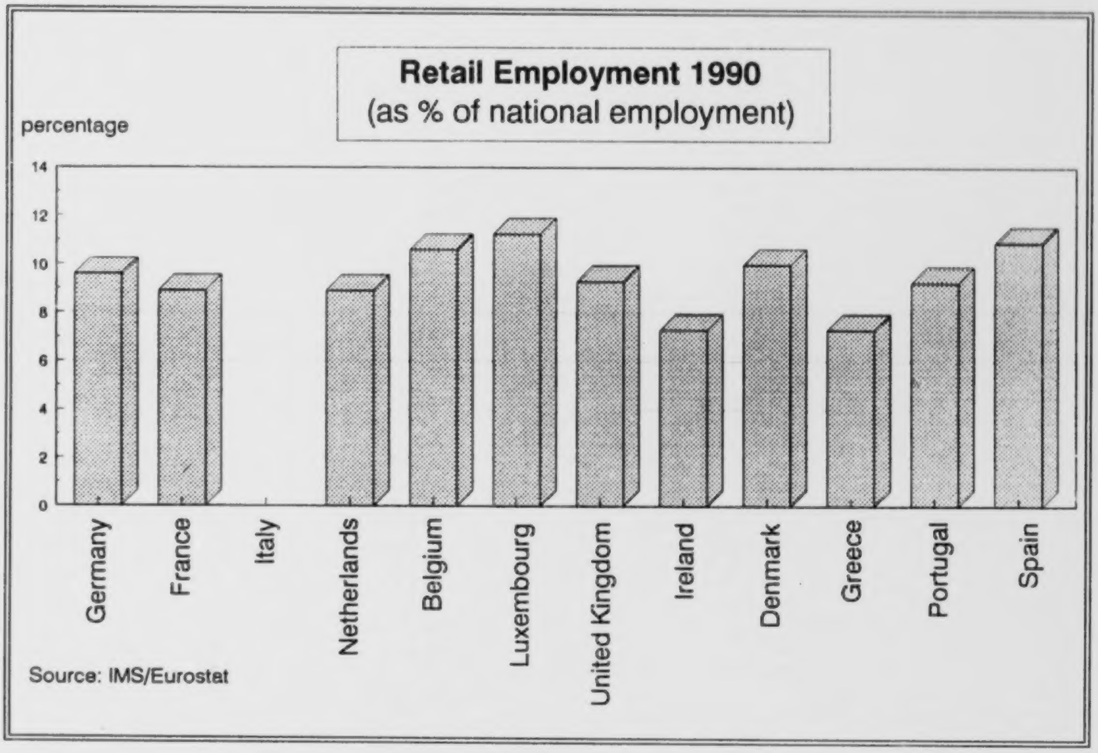
[2] We are aware that these data sources do not correlate with those given in Chapter 3. However, apart from showing such data problems these data show the extent of variations in retail employment between Member States.

**Figure 4.1**



Source: IMS/Eurostat

**Figure 4.2**



Source: IMS/Eurostat

*Note: data for Italy for these graphs unavailable*

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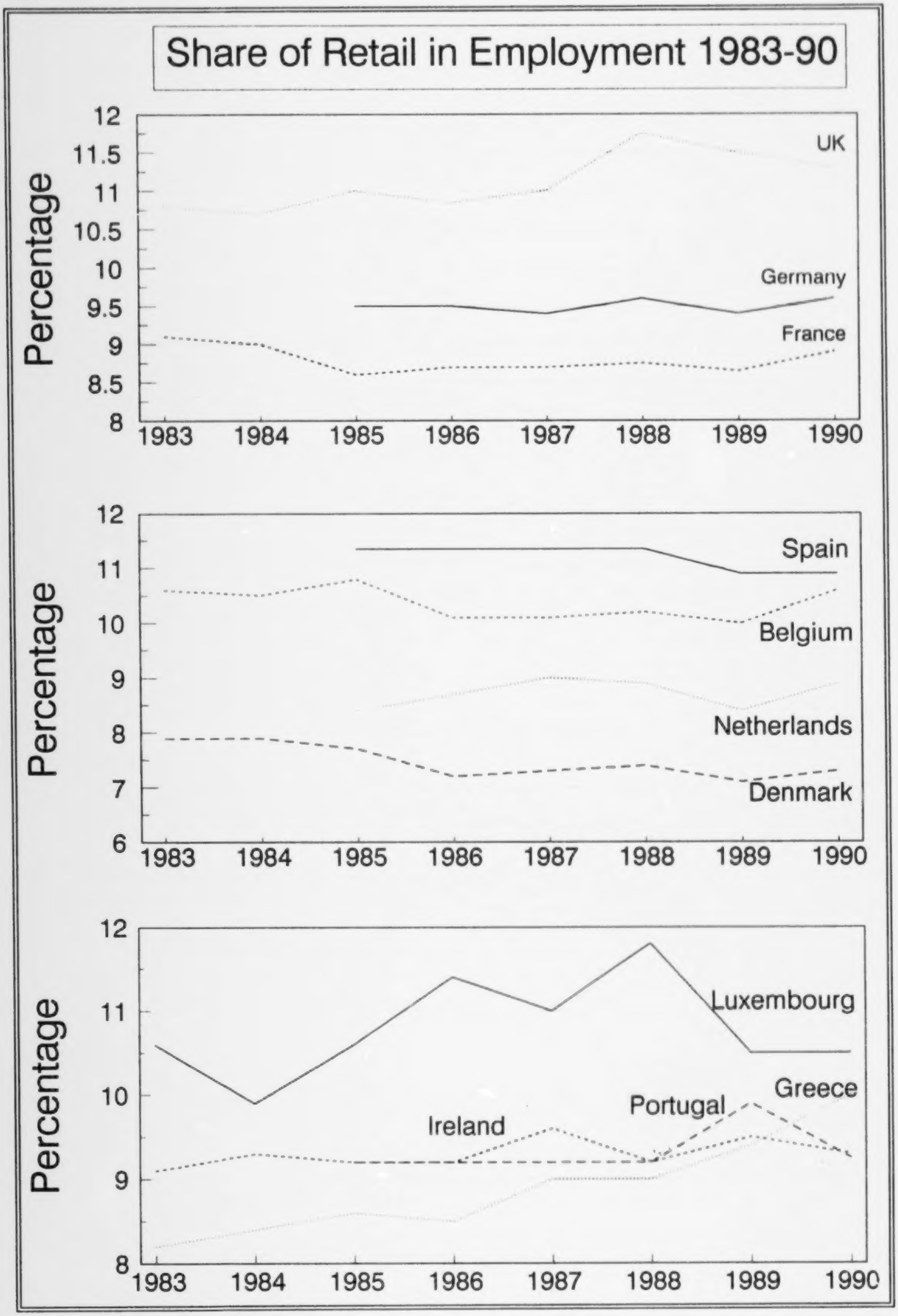
**Figure 4.3**



Source: IMS/Eurostat

Luxembourg, and to a lesser extent the UK, experienced rather sudden shifts in overall share, whereas in the others change was more gradual. Greece experienced a steady and unchecked growth; the UK a moderate growth overall; and Denmark a decline. But in other countries the proportion employed in retail was fairly stable over the whole period 1983 to 1990, despite year on year changes.

### Self-Employed and Family Workers

Self employed and family workers traditionally have been concentrated in retailing. In 1970 this category varied between 23 per cent and 40 per cent of all retail workers[3] in the UK, France, West Germany, the Netherlands and Denmark (EC, 1985, ibid.), but a steady decline occurred over the period 1970 to 1982 to figures varying between 16 and 28 per cent. Only in Belgium did the situation remain stable at around 36 per cent. Data is not available for other countries over this period.

The latest position for eleven countries is shown in Figure 4.4., which shows the proportions of self-employed and family workers on the one hand and employees on the other. The position of the UK, Germany, France, Netherlands and Denmark - around 20 per cent - is not strikingly different from what it was in 1982, though in most cases there has been some further decline. In Spain, Portugal and Greece the self-employed and family worker category constitutes more than half of all those working in retail[4]. In all of these countries the self-employed and family workers outnumber employees, and in Greece constitute more than 75 per cent of all those in retail employment.

The picture over time - Figure 4.5 - shows a consistent downward trend in France, the UK, Germany, Spain, Greece and Luxembourg, but the long term tendency in the other countries is less clear.

### Part-time Work

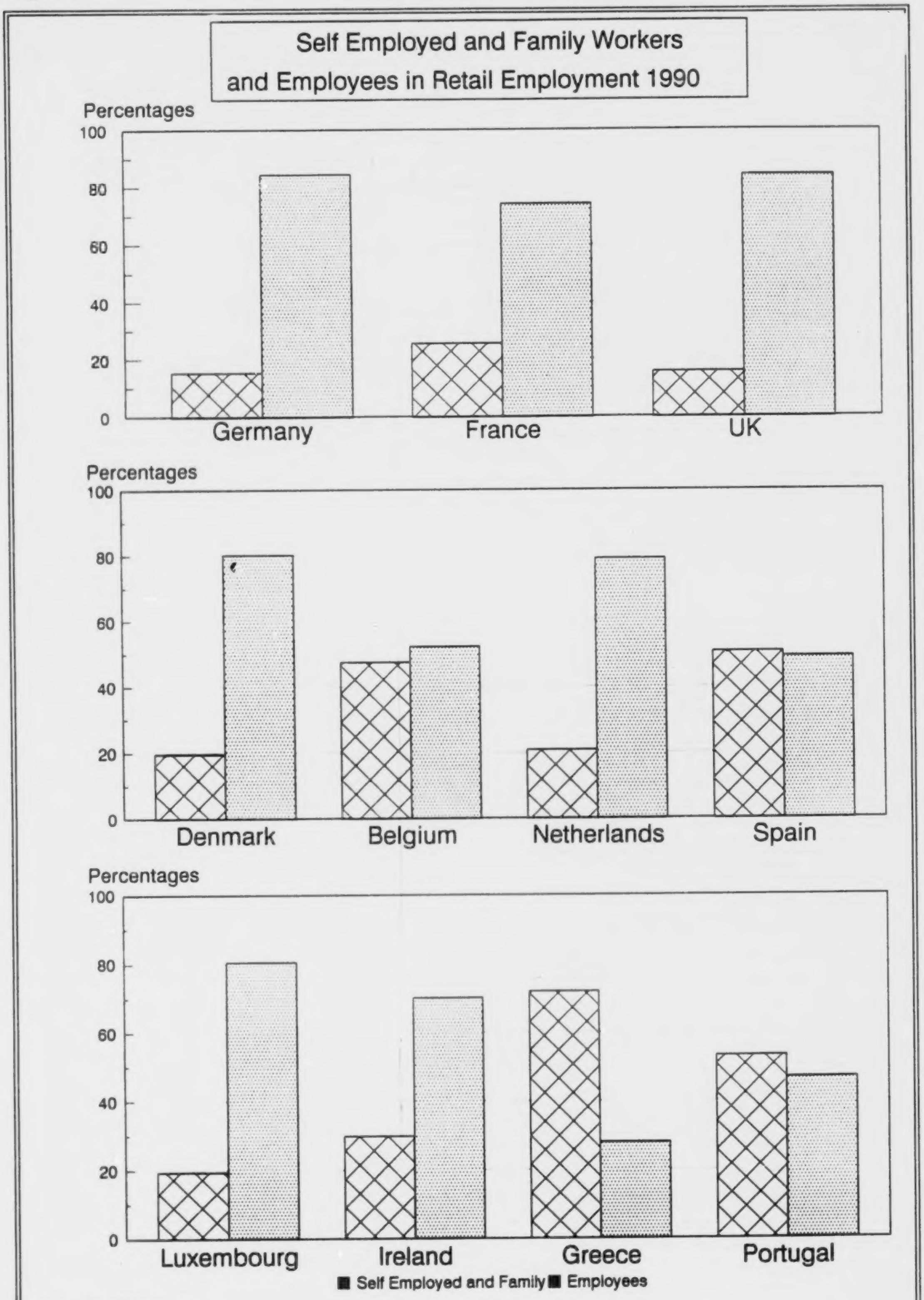
Retail work is characterised by a high level of part-time and casual working. Employees are in general more likely to be part-time than self-employed and family workers, of whom only around 10 per cent are part-time (Eurostat). In 1970 (EC, 1985, ibid) part-timers in the UK, France, Germany, the Netherlands and Denmark varied between 16 per cent as a proportion of all retail employees (France) and 35 per cent (UK). By 1980 this had risen to 24 per cent and 44 per cent respectively in line with the general upwards trend during the period for the countries surveyed.

---

[3] Where the term 'retail worker' is used it includes both the category of self-employed and family workers and the category of employees.

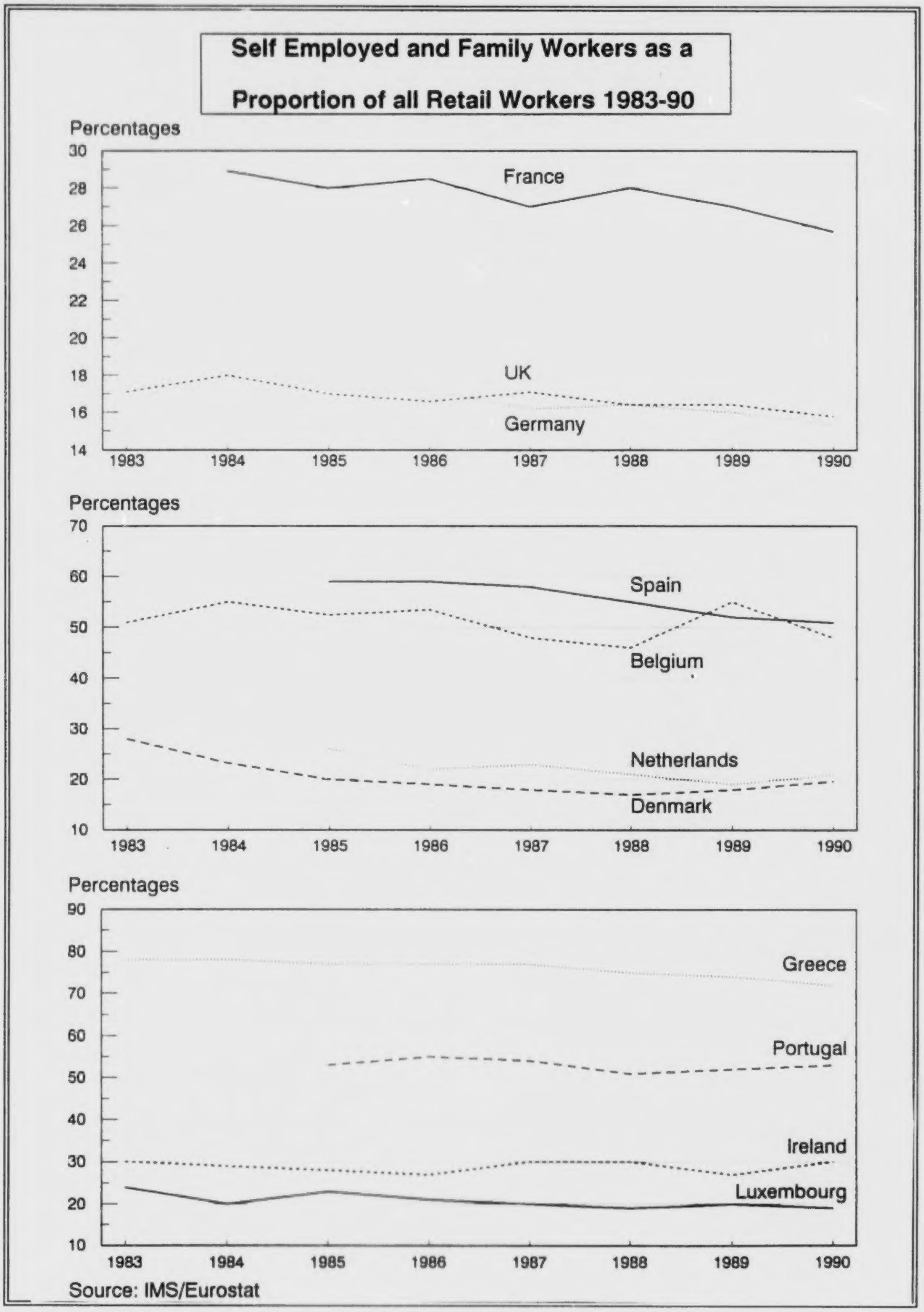
[4] The Eurostat figure for Belgium for self-employed and family workers at almost half should be compared with recent figures from the Belgium Commerce Central de l'Economie which show independent firms employing only 35 per cent of all those in employment in 1988 (FEDIS 1990). These are based on social, security and VAT data and are likely to be more reliable than the Eurostat data, which are based on sample surveys of companies.

**Figure 4.4**



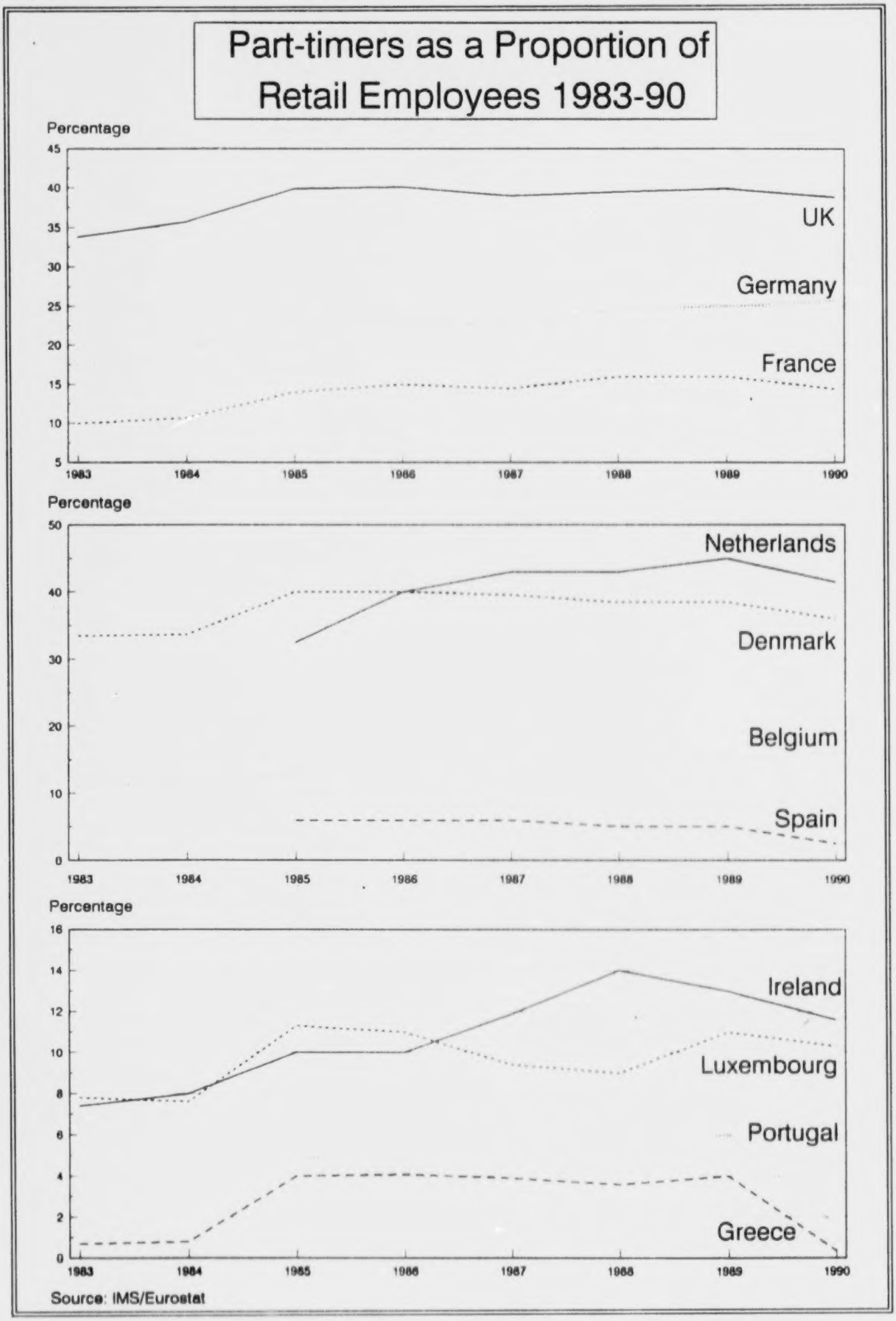
Source: IMS/Eurostat

**Figure 4.5**



Source: IMS/Eurostat

**Figure 4.6**


Part-timers as a Proportion of Retail Employees 1983-90

Source: IMS/Eurostat

Data for eleven countries - Figure 4.6 above - show the Netherlands, Denmark and the UK as heavily dependent on part-time employees at around 40 per cent in recent years, though with a fall in 1990. In Portugal, Greece and Spain part-timers by contrast have never constituted more than 6 per cent of all employees, and fell to an even smaller proportion in 1990.

The remaining countries' proportions of part-time workers range between 10 and 25 per cent. The Community wide trend was upwards over the period 1983 to 1990 from 10 per cent to 23 per cent.

### Employment of Women

Previous studies of retail have reported a large proportion of women working in retail, and Eurostat figures show them constituting more than 56 per cent of all workers (both employed and self-employed) across the Community in 1990.

This generalisation, however, conceals some fairly marked divergences. Figure 4.7 shows that whereas females outnumber males in seven countries, the reverse is true in three: Ireland, Greece, Portugal. In these latter countries the proportion in the self-employed and family worker category is high or very high, and this helps to explain the male dominance. Across the Community as a whole the majority of female workers are employees rather than in the self-employed and family sector. In 1990 women in the self-employed and family sector constituted approximately only one fifth of all women employed in the retail sector.

Across the Community women constituted the majority of part-time workers in 1990, in the ratio of about four females to one male in the self-employed and family worker category, and the ratio of six to one among employees.

The proportion of women employed across the Community remained virtually static between 1983 and 1990, but trends country by country were fairly varied (as shown in Figure 4.8).

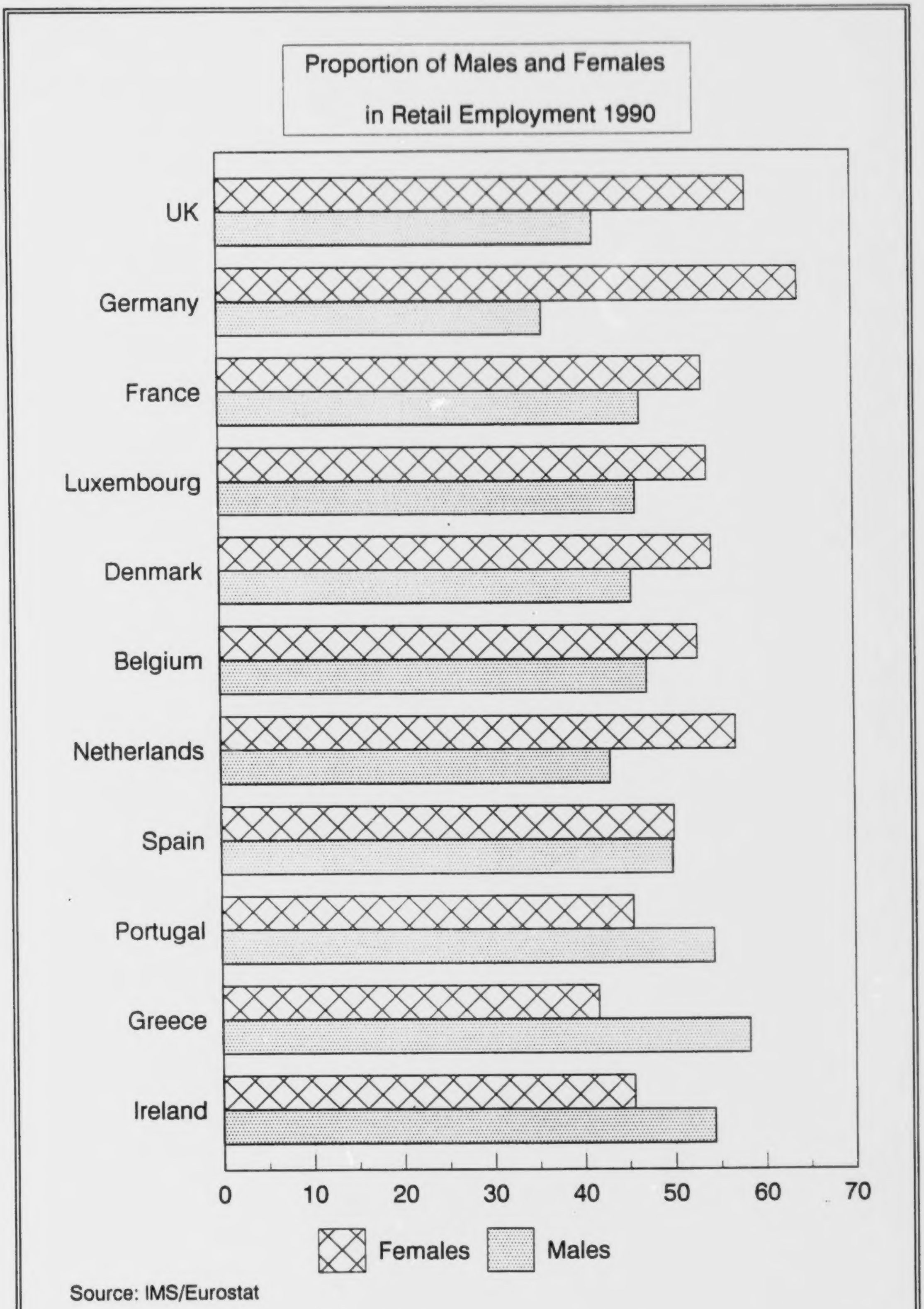
## 4.3 Trends in the Nature of Work

### Reasons for Part-time Working

All commentators agree that the main reason for the growth of part-time work is the need for flexibility to cover a long working week and working day. Cost is also thought to be a factor by some, while seasonal working is reported as being used extensively at Christmas and during vacation periods.

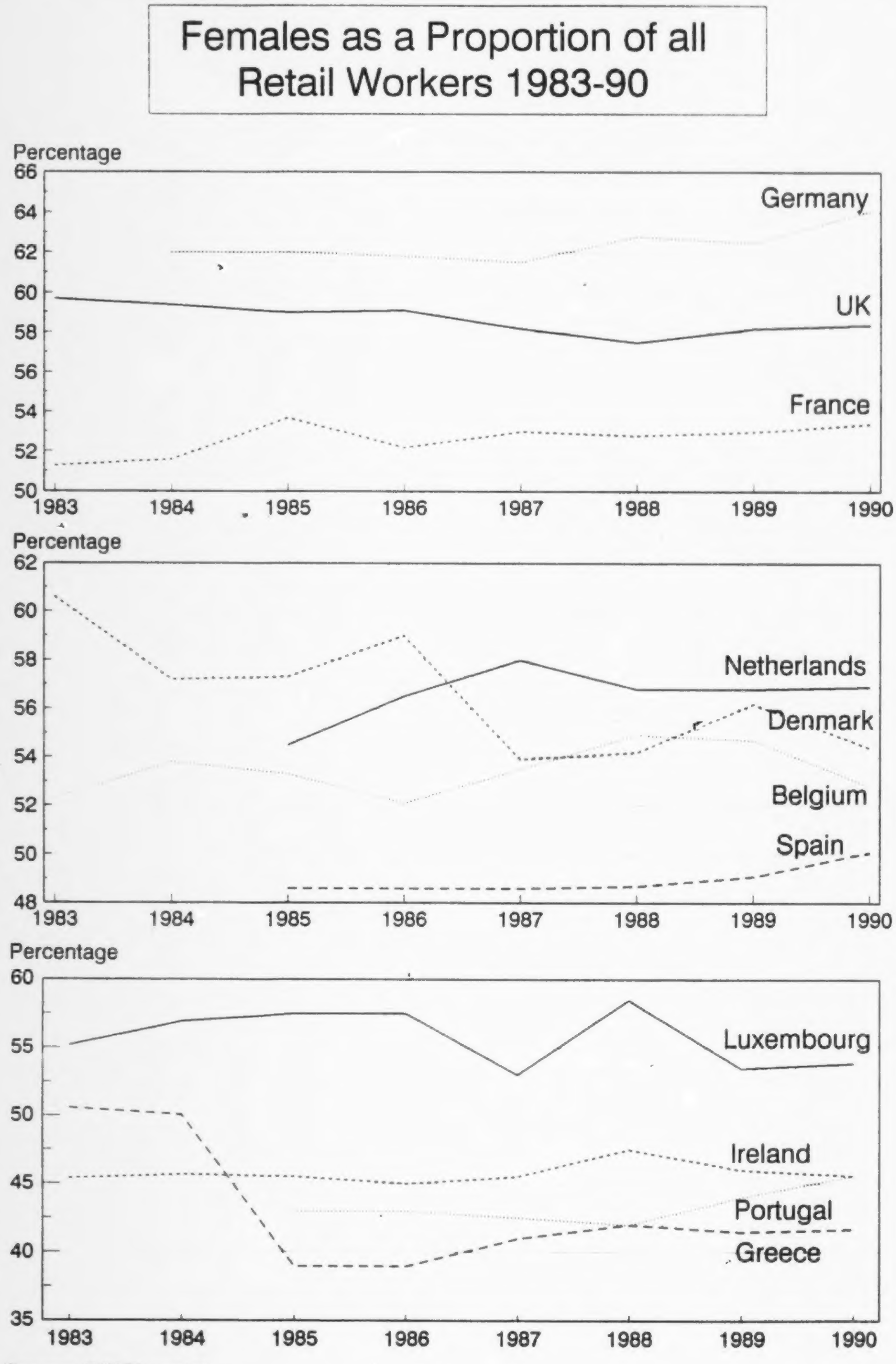
In France (CEREQ, 1990) there was a shift of trade away from the non-food to the food sector for the period up to 1987, and a trend towards employment in supermarkets and hypermarkets and away from traditional independents, departments stores and cooperatives. Competition among retailers was essentially cost oriented, which increased the trend towards part-time working, which was also consistent with an emphasis on productivity rather than service.

**Figure 4.7**



Source: IMS/Eurostat

**Figure 4.8**



Source: IMS/Eurostat

Limburg (1989) reporting on the Dutch retail sector, makes a useful distinction between numbers employed and labour volume, the latter being number of people years (2,080 hours per year) worked. Whereas numbers employed increased between 1960 and 1980, declining somewhat from the 1980 figure by 1985, volume dropped steadily over the whole period, a decrease of 26 per cent. This real reduction in employment was accompanied by a decrease in self employment and a substantial increase in part-time working. Part-time work was done mainly by married women and young people. Women made up 83 per cent of part-timers in 1985 and only 40 per cent of full timers.

In the Netherlands part-time work is reported as being used more by large companies than small family firms. The latter were more likely to be able to call on the help of family members to increase flexibility.

## Young People

Increasingly typical are various forms of short term contract, including one in France offered to young people likely to have difficulty entering the labour market and which includes limited training as well as work experience. The Irish supermarket used as a case study for this report (see Volume II for full details) illustrates the practice of employing young people initially only on a temporary contract.

Within the UK the most common route for young people into the retail trade during the 1980's was Government sponsored training schemes which combine work experience with some off the job training. Trainees may have been substitutes for young people who would have been employed anyway (NIESR 1986). These authors found evidence of a decline in the employment of young people as compared with an increase in numbers of women part-timers. There was evidence to suggest that the taxation and national insurance system was encouraging the employment of part-timers, but findings from individual companies which were studied in detail did not give support to that argument. The need for flexibility was more commonly the explanation for taking on part-timers rather than full-time young people.

There are contrary examples to this policy whereby a company decided to concentrate on recruiting and training young people as full timers rather than employ part-timers (see the Northern Ireland independent department store described fully in Volume II). The company did not expect to have to face a shortage of young people in the longer term because the region has very long term unemployment which is not expected to change. Management in the UK case study were making efforts to interest more young people in a career with them, but because of expected demographic trends and their already heavy reliance on part-time women intended to continue employing a high proportion of part-timers as well.

## Employing Women

The majority of part-timers are women and as such are concentrated in basic grade work. In the Netherlands women were more likely than men to do simpler tasks requiring no higher education, even among full-time employees. Men predominated in managerial and supervisory jobs, women as shop assistants. The same pattern is observed in the UK, Belgium and France. Case study findings suggest the same is true in Spain, Germany, Greece and Ireland.

However, case study findings also suggest that employers are beginning to recognise the potential of basic grade workers, the majority women, for career development. The key issue is part-time status. In the Northern Ireland case management concluded that part-timers lacked motivation and could not be relied upon to provide good service. Therefore they were concentrating recruitment on young people, but also providing, for the first time, continuing training for full time sales assistants - mainly women. In the UK case study, management were committed to continuing part-time employment because it constituted such a high proportion of those employed. Thus they were starting to promote part-timers - so far on a very small scale - to first line management positions.

In the Greek supermarket chain case study it had been decided that it was necessary to offer training to part-time and temporary employees as well as to full-timers if standards of customer service were to be maintained. Training was also available to part-timers in the Irish supermarket case study for similar reasons. However, promotion opportunities were not available to part-timers in either case. The German case study company distinguished in its training policy between staff who were qualified under the national training system for retail employees and those who were not. It was the unqualified rather than the part-timers who were at a disadvantage.

Thus in the case study companies basic grade female sales staff were beginning to receive some training, even if they were part-time, but opportunities for progression were best for those who were full-time or, in the German case, already qualified.

## Educational Level

Regardless of sub-sector, those recruiting for retailing are described as often being indifferent to the educational level of those they recruit to basic grade work. With the exception of specialists selling meat or fish it is assumed that anyone can do the job of sales assistant or checkout clerk.

Information about educational attainments for various occupational groups in France shows a somewhat higher than average proportion of people working in sales occupations having no qualifications, and a much lower than average number having completed education above secondary level. By contrast a UK study (NEDO 1988) reports the existence of academic qualifications among up to 60 per cent of part-timers, and the feeling among many of them that their work did not make full use of their work experience, abilities and qualifications. Normal practice is to require academic qualifications - either those gained at 18 plus school leaving age, or degrees, for those entering management.

The case studies illustrate the practice of not requiring academic qualifications for basic grade workers; attitude and motivation were emphasised instead. However, the case study companies in general had optimistic expectations of such employees' ability, based on the belief that appropriate training would be a worthwhile investment.

## 4.4 Summary

Employment conditions within Europe appear to be changing fairly quickly, but trends are far from uniform across the Community. However, common themes emerge concerning the employment of young people and women, the balance and use of part-time work, and the educational level and development of basic grade workers. These are that:

- there has been, and will be, an increased use of part-time work to enable retail companies to operate with increased flexibility when faced with demands from customers for an increased working week and working day;
- there are some signs that young people are increasingly being employed on the basis of short-term employment or training contracts;
- in 1990, women contributed more than 56 per cent of all retail workers, the majority being part-time and basic grade workers. There are indications that more progressive employers are beginning to recognise the value of training such employers, though opportunities for progression to lower and middle management are still very rare;
- recruiters for retailing are often indifferent to the educational level of those they recruit to basic grades.

# Chapter 5 Training in the Retail Sector

## 5.1 General Arrangements for Vocational Training

Arrangements for vocational training vary by sector and by country throughout Europe. For initial vocational education and training, national arrangements include full time provision within vocational schools or colleges and some form of work based training plus part-time study.

Many countries have a long tradition of apprenticeship training, which in some cases includes the retail sector. The system of 'alternance' or linked work and training, for instance, is long established in Belgium and includes occupations like that of baker, butcher and fishmonger, as well as the general category of 'commercial' which includes retail. Similarly the German 'dual system', which combines part-time study off the job with on the job training in a company, is used for retail. A similar system exists in France though on a smaller scale. France also provides vocational education in schools and colleges, as do Spain and Greece. In Greece, where formal arrangements for vocational training started only in 1989, one of the categories is office procedures and commercial retailing.

National training schemes for young people, introduced in some countries partly as a response to youth unemployment, or for the older unemployed, may include the retail sector. In Ireland, for instance, most training for young people is organised by government organisations and one of the subjects covered is sales training. Similarly the UK youth and employment training schemes may be undertaken in the retail sector.

However, information about Member States' vocational training systems (Johnson 1989) often makes no reference to retail as such - for example, in Spain, Italy or the Netherlands. It is possible that retail is covered to some extent by such a general term as 'commercial'.

Arrangements within the case study companies were largely consistent with what is known about national arrangements. The German company, for instance, took part in the well established national apprenticeship system, and the two UK companies were contributing to the Government sponsored arrangements for youth trainees. No such arrangements were available to the Greek company. The Spanish company had apprentices on training contracts under a recently introduced Government supported scheme, but also wished for access to a vocational training school, of which none was available locally.

Throughout the Community continuing vocational training is primarily the responsibility of employers, who may also use external education and training providers. The case study findings are in accordance with this.

## 5.2 Costs of Retail Training

Eurostat statistics about the costs of industrial training as a proportion of labour costs (Aalders 1991) include a category for wholesale and retail distribution. The proportion spent on retail and wholesale training across the Community according to these figures was comparable in 1984 to that for manufacturing, banking, and insurance. Construction and civil engineering by contrast was almost double that of other sectors. The proportions spent on each of these sectors varied quite considerably from country to country, but with no overall trend across all sectors.

**Table 5.1 Industrial Training, Costs at Industry Level, for EC Countries as Percentage of Total Labour Costs (1984)**

| | Manufacturing* | Construction & Civil Engineering | Services: Wholesale & Retail Distribution | Banking | Insurance |
|---|---|---|---|---|---|
| Germany | 1.4 | 2.6 | 2.5 | 3.1 | 1.8 |
| France | 1.5 | 1.2 | 1.3 | 1.9 | 1.5 |
| Italy | 0.3 | 0.5 | 0.4 | 0.2 | 0.2 |
| Netherlands | 0.3 | 0.9 | 0.1 | 0.6 | 0.4 |
| Belgium | 0.4 | 0.1 | 0.4 | 1.0 | 1.0 |
| Luxemburg | 0.4 | 0.7 | 0.7 | 0.4 | 0.1 |
| United Kingdom | 1.3 | 2.7 | 0.8 | 0.7 | 0.8 |
| Ireland | 1.2 | 4.6 | 1.4 | 0.4 | 0.3 |
| Denmark | 1.7 | 2.7 | 2.9 | 3.2 | 1.9 |
| Portugal | 2.9 | 2.6 | 1.1 | 0.7 | 1.7 |

* *Excluding mining, quarrying and construction.*
*Greece and Spain are excluded because of lack of data.*

*Source: Eurostat*

For retail and wholesale the highest figures were for Denmark (2.9 per cent) and Germany (2.5 per cent). A middle group of countries with costs between 1 and 1.5 per cent consisted of France, Ireland and Portugal. The remainder -Italy, the

Netherlands, Belgium, Luxembourg and the UK - spent less than 1 per cent per annum. No data were available for Spain and Greece.

This data is however, somewhat dated and changes documented below in training arrangements of the Netherlands, UK and France, for instance, make it likely that this situation has changed since then.

## 5.3 Initial Training

No other European wide data about costs of retail training have been identified, and we are otherwise reliant on a research literature which includes some limited information about retail in the wider context of the service sector, information in a few cases from the social partners who contributed to the research, and more detailed studies of retail training in Germany, the Netherlands, France and the UK.

In Germany initial training for retail under the dual system is widely undertaken, with some 100,000 candidates a year passing vocational tests in distributive occupations at the end of their courses (Jarvis and Prais 1989). There is also a vocational element for most pupils during the last years at school. School leavers who enter employment are obliged to attend day release courses on a part-time basis over two or three years between leaving school and attaining the age of eighteen. Three year training is for commerical clerks, and two years for salespeople. (The two year programme is soon to change).

This work based approach, whereby a young person finds his or her training place with an employer before arranging day release, results in large numbers of qualified employees and a fairly low level of unemployment among those so qualified (8 per cent in 1985).

As is shown in Table 5.2 companies of all sizes have trainees under these arrangements, all except the smallest making a contribution closely related to their size.

**Table 5.2 Proportions of Employees by Status, Germany, 1987**

| Number of Employees | Proportion of Employees | Salaried Employees % | Skilled Workers % | Other Workers % | Trainees % |
|---|---|---|---|---|---|
| 1-4 | 17.0 | 18.0 | 12.0 | 22.0 | 11.0 |
| 5-49 | 57.0 | 52.0 | 60.0 | 51.0 | 66.0 |
| 50-1000 | 27.0 | 27.0 | 27.0 | 26.0 | 23.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Source: BGA*

However, the share of trainees as a proportion of all employment in the sector has declined over the last twenty years, from over 10 per cent in 1970 to 8.4 per cent in

1987. The same trend was observable within the German case study company, the proportion falling from 9.6 per cent in 1985 to 7.6 in 1990.

Women are somewhat over represented among salaried employees, greatly underrepresented among skilled workers, and in 1987 made up fewer of the total of trainees than would be expected from their overall representation within the workforce.

**Table 5.3 Women as a Proportion of Employees by Status, Germany, 1987**

| All Employees | Salaried & Employees | Skilled Workers % | Other Workers % | Trainees % |
|---|---|---|---|---|
| 66.6 | 73.5 | 23.6 | 64.9 | 58.5 |

In France there are two routes which lead to nationally recognised qualifications in retailing, the CAP (Certificat d'aptitude professionelle), and the more advanced BEP (Brevet d'etudes professionelles), but the total number qualifying in 1986 - 14,500 - is very low compared with Germany (Jarvis and Prais, 1989). In this case the employer must have a qualified person (maitre d'apprentis) to supervise the trainee carrying out an approved programme of tasks, and the trainee also attends part-time courses at an apprenticeship centre for two years. The vocational school route became more popular in the early 1980s, and by 1986 the apprentice method was used by only 45 per cent of those who obtained the qualification.

In general the number achieving the retail qualifications trebled between 1975 and 1986. However, unemployment among those leaving vocational schools with the retail qualification in 1985 was 54 per cent nine months after leaving. (The unemployment rate for all school leavers was 37 per cent at the time). Among those who had followed the apprenticeship route 28 per cent were unemployed nine months later.

According to Jarvis and Prais the number of UK young people until the mid 1980s obtaining a nationally recognised qualification in retailing was tiny compared with France and Germany (1,650 in 1986), and the normal route for obtaining it was at a further education college (state supported educational institutions for the 16 - 19 year old age group). Government sponsored Youth Training for all occupations, which developed in the 1980s, consists of 'on-the-job' training which may be provided on a day or block release basis at a college, by the employer, or at a training centre set up specially for youth trainees. Initially such training was provided for one year, and within retail some 7,000 trainees completed a basic level of qualifications through this route in 1986.

Research undertaken by the Further Education Unit for the National Retail Training Council in 1988 suggests that a total based on these figures, of between 8,000 and

9,000 in 1986, was an underestimate. A response from only 50 retail companies to an FEU questionnaire identified a total of 50 different qualifications - ranging from basic to very advanced - which had been used by employees, and more than 1,000 employees had achieved such qualifications.

In 1988 a new form of work based qualification called the Retail Certificate, intended in due course to supercede existing retail qualifications, became available under arrangements set up by the National Council for Vocational Qualifications, an organisation founded by the Government to provide a coherent framework for vocational qualifications in all sectors. The fact that the FEU research just quoted identified 50 different qualifications being used by retail employers illustrates the situation which the National Council for Vocational qualifications was set up to rationalise.

The new form of qualification is open in principle to any employee, but in practice it was available initially mainly to youth trainees for whom from 1986 onwards Government supported training has been available in the UK for up to 2 years. In fact registration of trainees for the new qualification has been required as a condition for receipt of the Government subsidy for all trainees placed with a retail employer since April 1989.

Both UK case study companies were making this qualification available to youth trainees, and in the Northern Ireland case all staff had access to it. The total of people who achieved the qualification since it was introduced at November 1991 was approximately 10,000. This includes older employees as well as youth trainees. The number of youth trainees who obtained jobs in retail at the end of training was 7,538 in 1988 rising to 9,256 in 1989. (Department of Employment) Slightly higher numbers of those who had trained in selling occupations obtained jobs in sectors other than selling itself[1].

In the Netherlands (Limburg, 1989) about two thirds of female and three quarters of male retail employees have received some form of vocational education, and in Belgium there is an apprenticeship system.

Until 1990 there were no formal structures in Spain for training in the retail sector. In that year a government funded system was started in some parts of the country for the training as retail assistants of those who have completed compulsory education. This involves 900 hours of training. A more advanced programme of 1000 hours' training, in order to qualify as a 'retail technician', is open to those who have completed the initial programme and subject to satisfactory performance in a test. One quarter of the training programme must be carried out in a workplace.

The Spanish case study company was taking part in this scheme by providing theoretical training in-house for apprentices. No information is available about the numbers of young people nationally who have taken part in the programme to date.

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[1] The case study for Northern Ireland - full report in Volume II - illustrates how, in practice, the new Retail Certificate can be used both with youth trainee and older employees.

## 5.4 Management Training

In the UK most large retail companies recruit trainee managers with higher school leaving qualifications at 18 years and/or graduates (Farnham). Such management training schemes are usually work-based but with significant inputs of content off the job. Some use is made of external sources - colleges and universities - and also of specialist retail training establishments. A report about training provision in a major food retailer (Department of Education and Science, 1987) describes the national and regional training structure responsible for delivery of management and all company wide training. Such provision is typical of the major retail chains in the UK, and the case study company is an example. The Irish case study company had similar arrangements.

In France a qualification has recently become available for employees who are expected to reach supervisory positions. A two year training programme, which includes three months' practical experience within a company, leads to the Baccalaureat Professionelle. The training is also suitable for those who would like to run an independent business. Other technician qualifications, based on study at school or university, are intended for those aiming for technical or supervisory jobs within the commercial sector, including retail. The programme provides a general education as well as vocational content.

## 5.5 Continuing Education and Training

Reporting on the retail trade in France, German and the Netherlands, (and also non-EC countries the United States, Japan and Sweden), OECD (1989) concludes that compared with banking, another important service sector, the retail trade provides fewer skill formation and training activities. Case studies of Germany showed that within the grocery and self-service sector there was little continuing training, though it had increased recently in larger chains especially for store and branch managers. In France educational levels were found to be low even among managers, but some companies were beginning to provide more training either through external institutions such as universities or internally through developing their own training programmes. A similar picture was revealed by Dutch case studies. In the Netherlands training activities in retail are very modest compared to training in other service sectors: less than 10 per cent of employees are estimated to receive any training. A new modular training system was introduced in 1988. It offers training in four categories: to shop assistants, to salespersons, to sales representatives and to sales managers. The last category is also intended for owner/managers. Each module consists of practical and theoretical exercises which are directly derived from the job contents. There is also flexibility in choices of subject matter by participants and in access to training, which can be at a number of different times during the year. The new system is to be implemented on a national scale and has the support of employers' organisations and unions.

In Italy professional training in the retail sector falls under regional jurisdiction and there are substantial variations in the types of programmes available. The length of courses and level of qualifications may similarly vary from one region to another. The level of in-company training depends largely on the size of the company and its number of employees. The larger companies have on-going training programmes as do associative organisations, cooperatives and franchise chains. In-house training is financed entirely by the companies and most often involves the training of managers. Companies frequently resort to external agencies to help them set up relevant training programmes.

In the Italian small/medium sized companies (which account for around 80 per cent of retail distribution) it is the owners/managers who assume the responsibility for their own training, for example, by taking part in courses organised by external agencies. These outside agencies include local retailer associations and chambers of commerce. Retailers' associations operate either on a provincial level or on a national level by trade category. The chambers of commerce are public institutions operating on a provincial level. Financing for this kind of training is available both from public bodies (such as the Regions and Chambers of Commerce themselves) or from private sources (companies, retailer associations). There are no figures available at a national level on the volume of expenditure for training of this kind.

With the exception of the Italian case, the case study companies provided a higher level of activity than would be expected from the above description for the average firm. But their fairly generous level of provision is also consistent with reports that the amount of training within retail has begun to increase. In fact their experience helps to confirm that observation.

Training is least likely to be provided by small employers (Toye and Varlaam, 1989). However, many trade associations include some training among the services they offer their members, and a few of these have highly developed provision suitable specifically for the small retailer, including distance training materials.

The UK Retail Certificate described above in connection with initial training ultimately will be available nationwide at four levels from basic sales skills up to supervisory and management skills, and thus provides a structure for continuing training related to promotion. The Northern Ireland case study company, for instance, was intending to give sales staff access to level three once it became available. The expectation of the National Retail Training Council (NRTC), which is mainly responsible for the launch of the qualification scheme, is that it will provide the basis both for initial and continuing training in companies which have hitherto provided little training. Trade associations with a strong interest in training are also expected to promote the scheme to their employer members.

## 5.6 Role of the Social Partners

The relationship between government, employers and trade unions in respect of training provision varies considerably among member countries. All governments play a part in the provision of training if only because vocational education is included somewhere in the syllabi of state supported schools and colleges, and also because they set the legislative framework within which education and training are developed. Government funding will also be involved in cases where trainees undertake day release at schools and colleges.

Differences are marked in respect of government policy towards the involvement of the unions and employers across all sectors (CEDEFOP 1990). In some countries - for instance, Germany, Denmark, Luxembourg, Ireland and France - employers and trade unions are represented on relevant government bodies at national and regional level, and there is a well established policy of developing and promoting training on a partnership basis. Belgium and the Netherlands have begun to develop a greater role for the social partners over recent years. In others - Spain, Greece, and Portugal - vocational training is relatively undeveloped; the partnership barely exists although there is a wish to encourage it. In Italy participation is limited and, where it exists, tends to be dominated by issues causing conflict rather than concerned with training. In the UK trade unions used to be represented on all Government training bodies both at central and local level, but this has been ended under recent Government training initiative[2]. Administration and delivery of training on a subregional basis is now the responsibility of employment led Training and Enterprise Councils (TECs); there is no requirement for union representation although most have at least one union representative on the TEC Board.

Given the importance of small firms in the sector, the large proportion of employees without qualifications, the high numbers of women employees, and the often unstable working conditions, the extent of unionisation within retail is in most countries lower than in other sectors: for instance, between 3 and 4 per cent in Luxembourg, less than 10 per cent in France, 17 per cent in the UK and perhaps 50 per cent in Denmark.

In the countries with the best established national and regional fora of consultation involving employers and trade unions, both partners are also active in the provision of training. In Germany, for instance, both employers' associations and trade unions, including those in the retail sector, are themselves suppliers of training and in many cases receive state funding and support. Both types of organisation are also represented on examining bodies for craft qualifications. Trade unions are represented on works councils at local level,, and are least likely to have a role in training within smaller companies. Employers also support the cost of training in Denmark, and both employers and trade unions are represented on the body which organises courses for skilled workers. In the Netherlands retail companies are included in the general requirement that each large or medium sized workplace should have a workers' council and be consulted on employment and training issues, but not all firms meet the legal requirements. In general it appears that even in the countries with a strong tradition of social partner involvement it will be its greatest at policy level and least at the point of implementation within companies.

The UK trade unions at national level are keen to support training, but in a sector where trade union membership is on average less than 20 per cent their scope for action is limited. There are also a large number of trade associations representing employers, some of them active in training. In France trade unions and employers are represented at sectoral level in institutions which allocate funds for training.

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[2] However, the National Retail Training Council is a tripartite body with 17 employer representatives, six union representatives and six representatives of educational institutions.

The lack of union activity in the case study companies except in the German one is consistent with the situations at national level. However, the number of companies with such involvement might have been higher had the sample included a company from Denmark or the Netherlands.

## 5.7 Summary

Information about retail training is available in detail only for some countries, and here the methods used and numbers involved differ widely. However, the main findings are:

- initial training may be carried out externally prior to employment or may be based at the workplace with trainees receiving education and training on a day-release basis;
- continuing education is mostly company based but may involve use of external agencies. At present it is more likely to be provided for managers than sales and other basic grade staff. Initiatives in the Netherlands, Spain and the UK are intended to increase the numbers of all employees receiving continuing training;
- the role of the retail social partners in training varies considerably among countries, with a strong role at national level and in works councils in one or two, but relatively weak or no activity elsewhere.

The findings from case studies are broadly in line with this account, though the companies involved for the most part had a higher level of training provision than it implies and for a wider range of staff. As the companies in question were chosen because they were in the forefront commercially and were likely to have progressive employment and training policies, it is reasonable to infer that they represent a trend towards increased provision. The Italian case, however, is a clear counter instance.

# Chapter 6 Findings from the Case Studies

## 6.1 Introduction

Case studies were carried out of seven companies: in Germany, Greece, Ireland, Italy, Northern Ireland (UK), Spain and the UK. A full description of each of these case studies is contained in Volume 2 of this report. In this chapter we provide a commentary on the case studies, making comparisons among them, and also placing them in the context of national and Community trends already described.

Case studies were given a central place in the research design partly because it was expected, as has proved to be so, that Community wide and national data on the retail sector would be limited. They were also necessary in order to provide access to the experience and thinking of the people who work in the retail sector, and in particular to those who are responsible for human resources development within it.

The case study companies were chosen on the recommendation of researchers in each country with expert knowledge of the retail sector. They were asked to identify financially successful companies which were at the forefront nationally for retailing in terms of their methods of organisation and HRD policies.

While it was hoped that senior executives and HRD managers in the case study companies would have a long term perspective, and would be planning future development in the light of expected trends, their orientation was for the most part the present and the immediate future. Those who were interviewed had, they felt, a sense of what was appropriate in the competitive environment they were facing. Given the success of their companies, this was a fair judgment. On the whole they assumed that the future would be similar to the present, and therefore that current strategies had long term validity.

## 6.2 Types of Company Studied

All except one of the case studies was of a company or group with many outlets, and one was a franchise operation. Table 6.1 summarises key characteristics of the sample in terms of local, national or international coverage, and type.

The Northern Ireland department store was the only single outlet company to be studied. The Irish Voluntary Group study also pays considerable attention to one member of the Group - mainly by reference to a single outlet - in order to illustrate the relationship between the Group and its members, each of whom is an independent owner. Otherwise the focus in each case study is mainly on the company as a whole. Table 6.2 provides more detail on the size of case study companies.

### Table 6.1 Overall Size and Type of Case Study Companies

| | Single Outlet | Chain (Local/ Regional) | Chain (National) | Voluntary Group (National) | Franchise (International) |
|---|---|---|---|---|---|
| Department Stores | Northern Ireland | | Germany | | |
| Supermarkets | | Spain<br>Greece | UK | Ireland | |
| Clothing | | | | | Italy |

### Table 6.2 Number of Outlets and Employees in Case Study Companies

| | Number of Outlets | Number of Employees | Number of Employees Per Outlet |
|---|---:|---:|---:|
| Northern Ireland | 1 | 71 | 71 |
| Greece | 14 | 1500 | 107 |
| Spain | 51 | 1500 | 29 |
| Ireland | | 3000 | |
| Group | 141 | 16 | 21 |
| Example | | | 16 |
| Germany | 155 | 61,000 | 394 |
| UK | 299 | 95,000 | 318 |
| Italy | 7,000 | 31,500* | 5 |

* *The majority of workers are not directly employed by the company; the number given refers to people employed under the company's name.*

Overall, the sample shows considerable diversity in terms of scale of organisation and numbers employed. The number of employees per outlet is a notional figure since the total number of employees for each of the four groups includes people employed at headquarters. However, it gives an indication of the range of differences in outlet size. Ownership includes two independents - the department store in Northern Ireland and the supermarket member of the Irish Voluntary Group - and two family owned chains in Spain and Greece. The German department store chain and the UK supermarket chain are public limited companies. The Italian company operates on a franchise basis.

We provide a brief summary of each case study company as a preliminary to the overview which follows.

The **German** study was of one of the country's leading department store chains, with 155 stores in the pre-unification Federal Republic and a policy of expansion into what was eastern Germany. They sell a wide range of products, and have some diversity as between stores. Re-unification has meant a sharp growth in business and an easing of the previously tight labour market.

A distinction is made among sales staff between those who have qualified under nationally recognised training and qualifications and those who have not. Just under 70 per cent of employees are female, predominantly among sales staff, and about one third of the workforce are employed on a part time basis.

Recruitment for the company involves use of the German system of initial training for young people, and is very well established. The company also has a full programme of training for all levels of staff, with better opportunities for those who are qualified. In future the company expects to make more use of unqualified staff for routine tasks, improved training in customer service for qualified staff, and a greater emphasis on the ability of managers to communicate with, motivate and respond to the needs of their staff.

The **Greek** case study company operates a chain of 14 supermarkets in Athens and the surrounding area. It has doubled in size since 1987, and is the fourth largest company in the Greek food sector. The company philosophy is to offer the best quality in quality and service, and in particular for excellence in fresh food products.

The company's fairly recent development into a modern form of operation with formal management structures and employment of professional staff at headquarters has created some strains for employees used to traditions of a family firm. Partial liberalisation of the labour laws has led to use of part time employees, but among them there is very rapid turnover. A high percentage of sales staff are women. Recruitment is still largely informal, and promotion mainly internal, but in future external recruitment is likely to be used more often for management positions.

A broad training programme is provided, and it is now intended to extend initial training to part time recruits. New training programmes are being developed for managers in order to help them take more responsibility within stores, which in future will each be a cost and profit centre.

The **Italian** company is both a producer and retailer of textiles and clothing, and operates internationally. Goods are produced under its own label in 14 countries, and are sold in almost 100: in 6 other European countries (5 in the Community) as well as in North America and the Far East.

The company organises production partly through members of its own group and partly through subcontractors. Approximately 50,000 people are involved on the production side. Production is demand led through orders from the shops, and under the company's 'just-in-time' system no more than two weeks pass between placing of an order and its arrival in the shop which ordered it.

The retailing system is organised through a network of agents, who may supervise and hold an interest in a number of stores which are usually independently owned by shop 'directors'. They liaise with shop directors in their area and collect orders. Shops are supported in their activities through an organisation which provides substantial advertising, information on fashion trends, and standardisation of shop design and display units.

Staff are employed in outlets by the owner, not the original company. Many owners (shop directors) are ex-shop assistants. They learn from experience and no formal training is provided.

The **Irish** case study concerns both a wholesaling company which runs a voluntary group for independently owned supermarkets, and one of the supermarkets which is a member of the group. The group was developed by the wholesaling company during the 1980s, and together with another group of smaller convenience grocery stores, currently accounts for about a 16 per cent share of the retail market nationally.

Part time employment is very common and usually involves young people between 16 and 21 years of age, some of them still at school or college. Recruitment is mainly from this age range for trainee managers, specialist sales staff and general sales staff. Women are employed mainly as sales assistants.

The wholesaling group has recently developed training provision in forms which are accessible to members because they believe that it is essential for them to compete on customer service. Provision of high quality fresh food is also a key part of competitive strategy.

The role of the owner manager is seen as crucial to the success of the independent sector because ownership gives them a motivational advantage over managers in large companies. The supermarket studied was one of three owned by one person. He had a policy of helping experienced store managers to set up their own businesses, an ambition which had been achieved by two of his previous managers. This prospect was expected to help motivate the store manager during the years he was in the owner's employment.

The company studied in **Northern Ireland (UK)** is a long established independent department store employing 70 people. Within an area of high unemployment and relative poverty the company's competitive strategy has included lowering of prices to give better value for money, but its main focus is to provide very high standards of personal service through a substantial investment in training.

In line with this policy the company has reduced the number of part time employees, and is improving training for full-timers. A training programme introduced originally for young people on the Government sponsored Youth Training scheme involved use of the new UK national qualification, the Retail

Certificate. At the time the store was investigated the opportunity to work for this certificate had been extended to all employees, and all had reached the initial level of achievement. All would be given the opportunity to work towards higher levels. Women are employed at all levels within the store.

The company studied in **Spain** is a family owned chain of supermarkets with 51 outlets in the north of the country. There has been recent expansion in of the number of outlets, including some hypermarkets, and recent openings have been in large out of town shopping areas. The company places great importance on the quality of its fresh produce.

Management functions have recently been rationalised with an expansion in the number of staff at headquarters. The proportion of women employed, mainly in basic sales positions increased from 25 to 50 per cent of employees between 1986 and 1990. Only one third of employees have a permanent contract.

A company training department was set up in 1989 and provides courses for a wide range of staff. Particular attention is given to recruitment and training of specialist staff for the fresh produce areas. In general training stresses the importance of high quality customer service. Store managers have recently been given greater responsibility, and training provision is being developed to help them become more autonomous and independent.

The **UK company** occupies a leading position within the UK grocery supermarket sector, with a 17.5 per cent market share. The supermarket business accounts for three quarters of sales and almost 90 per cent of profits. The remainder is a chain of DIY centres. The latter were started in 1979 in conjunction with a leading Belgian DIY company.

Originally based in the south east of the country, the company has expanded steadily in recent years, and plans to continue this process by increasing the number of stores in the north of England, Scotland and Wales. It has also recently entered the US market with a share in a New England chain of supermarkets.

Within the supermarkets there is heavy reliance on employment of part time staff, but there are also a number of initiatives underway to improve opportunities for women employees and others with few formal qualifications. The company has well established training provision for all categories of staff. Increasing emphasis is being placed on customer service skills among all employees, while the role of the manager is being broadened. Managers need to be able to interpret information provided by computerised systems, manage people effectively and have the ability to represent the company within the community.

It is evident from these descriptions that the Italian case study company is very different from others in the group, both in size and type of operation. Similarly the full report and the findings are different from those for the other companies. For this reason we comment first on the six which have many features in common, and secondly on the Italian study in comparison with the rest.

## 6.3 Main Findings from the Six Companies

### Market Conditions

As would be expected from the nature of the sample, all case study companies had seen steady or rapid growth in recent years. In the case of Germany a recent increase in business was primarily because of unification. The Spanish and Greek supermarket chains were in the process of fast expansion with the number of outlets increasing. In Spain, Greece and the UK the trend towards larger stores recorded in national and Community wide statistics was also observable, and this involved increased use of out of town sites for very large outlets in Spain and the UK.

Senior managers interviewed in all the case study companies were aware of competitive pressures, but these were most acute from the perspective of the Irish Voluntary Group, which was headed by a wholesaling company. To some extent this may be explained by the fact that the Group served independents, who in most countries are especially vulnerable to competitive pressures. The Northern Ireland independent department store's membership of a buying group was another instance of a protective strategy used by independents throughout Europe.

### Company Strategies

The two independent retailers (Ireland and Northern Ireland) were the only cases to have reduced prices in a bid to meet competition, partly as a response to the current recession and their location in areas of high unemployment. But they, like the other companies, put more emphasis as a long term strategy on improved customer service. In this connection the supermarket groups in Spain, Greece and Ireland all attached particular importance to the provision of high quality fresh foods and the ability of staff to prepare these to customers' personal requirements. In the UK supermarket, by contrast, less food preparation was being done by staff in the store. However, here too a high quality of customer service in general was seen as a priority; emphasis was placed on sales staff's product knowledge and their ability to communicate effectively with customers.

In all companies longer opening hours were reported as a response to customer preferences, though in Germany the relaxation from hitherto highly restrictive laws was confined to later opening on only one evening per week. Increasing centralisation of distribution and the use of IT systems was also universal, though some companies had made more progress than others.

### Changes in Organisation

Whereas in Germany, the UK and Ireland, each group's structure and the job roles within it were well established and fairly stable, both the Spanish and Greek supermarket chains had only recently begun to develop a sophisticated management structure with differentiated roles for managers and professionals. In both cases the number of headquarters staff had increased, new departments had been set up for such areas as training and HRD, purchasing and finance, and managers had been appointed at headquarters to take responsibility for liaison with and supervision of particular outlets. In Greece[1] the roles of store managers and supervisors had only recently been formalised.

These developments help explain a trend in some companies towards an increasing proportion of posts at supervisory and managerial level. The proportion changed from 3.6 per cent to 7.4 per cent between 1987 and 1992 in Greece and, although statistics were not available, it seems likely the same occurred in Spain. A change in the same direction took place at the rate of about 1 per cent a year in Germany.

The German company had recently divided stores into five different categories, including 'flagship', 'mainstream' and 'spartan'. Each type would have a different skill balance between qualified, product specialist and unqualified staff. This was expected to make more demand upon the skills, and thus the training required, for qualified sales staff. No other company differentiated significantly among stores in terms of staffing.

## Requirements of Managers

In all case study groups the responsibilities of managers, particularly store managers, were being increased so that they were expected to take their own decisions on all aspects of store management rather than follow laid down company procedures. In the Greek and Irish cases the manager would also be personally accountable for the store's financial performance. In general the store manager would have access to improved information about sales and product performance through advanced technology systems. The ability to interpret such information in order to act upon it appropriately was thus critical.

A requirement that managers should be able to communicate, motivate and respond to needs of staff and customers was a persistent theme. In the UK the need to have an elaborate shift system for staffing of the extended working week highlighted the importance of good communication with staff for the management of that system.

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[1] The experience of the Greek company provides an example of an organisation in transition. The kind of relationships nurtured and valued within a family firm were seen as originally having been a great strength. But the wish to develop into a modern form of organisation was interpreted as making it necesary to reject behaviours based on traditional values. Senior managers were thus becoming more aware of the change process and how to manage it.

Two companies also expected store managers to be effective in making and maintaining contacts within the local community. In Ireland this implied an intense level of involvement in community affairs on the part of the store owner or manager, who would take part in a great variety of local events and would know a large number of individuals personally. This style of operation appeared to come naturally to those concerned because it was their own and the community's expectation. But it was seen as very good for business too, and something which independent owners would be more motivated to do than branch managers of competitor chains. The UK chain also had a company policy of requiring managers to develop and maintain good relationships with the local community, particularly with schools and colleges. In the UK urban and suburban setting, however, such initiatives would receive less sustenance from established community values and practice than in Irish small towns.

## Employment Policies

### Sales and Other Basic Grade Staff

To the extent that companies had an explicit policy on recruitment of basic grade staff they tended to rely on young people. Older people were also being recruited in practice, often as part time or temporary staff. Only the UK company had a formal policy of recruiting older people - women in large numbers, and also a smaller number of men and women of 60 plus - on the assumption it would not be wise to depend always on being able to recruit sufficient numbers of young people.

The German company had experienced shortages of suitable young recruits for its apprentice programme and especially in the south was tending to turn more to use of older part time staff. However, re-unification was easing the problem, especially in Berlin. The company was in fact planning to increase the numbers of unqualified sales staff to undertake menial or routine tasks concerned with goods movement and tidying, in association with its policy of differentiating among types of store.

With the exception of the German apprentice programme, the case study findings are consistent with the widely made observation that employers generally are indifferent to the educational level of those recruited for basic grade work. Such employees were selected principally for their attitude, which might include the willingness to learn, especially if they were young people being recruited onto a training programme. Their recruitment in Spain and Greece was mainly informal.

### Part-Time and Temporary Staff

The use of part time staff among the case study companies varied considerably. In the UK company there was heavy reliance on this source for basic grade staff, almost two thirds of the workforce being part time. This is consistent with the UK national trend (at 40 per cent one of highest in the Community). The proportion in the German company had gradually been increasing, and at around one third was somewhat higher than the national average of around 25 per cent. Use of part-timers was a very recent development in Greece, again consistent with a national figure of 4 per cent, while in Spain only Saturday staff were part time (5 per cent nationally). Similarly the Irish supermarket was using part time staff mainly on Saturdays and for late night opening, comparing with a national proportion of about 13 per cent. Use of part time staff was being phased out in Northern Ireland because of the view that a higher standard of service would be provided by properly trained full-timers.

Whereas the Spanish company had virtually no regular part-timers, it employed a high proportion of staff without permanent contracts. In the German company temporary staff were a fairly small proportion, but a period of temporary work was often used in practice as a probationary period for permanent work. Similarly in Ireland young people were given initial part time contracts and, only if they proved satisfactory, did they progress to full time and permanent contracts. The Greek company was adopting a practice of recruiting full time staff from existing part-timers, again because there was an opportunity to assess their performance.

In general it appeared that employers would use part time and/or temporary staff if this suited their needs for flexibility either on hours, employment status or because of shortages of suitable full-timers. Consistent with national statistics, the trend on balance was towards increased use rather than its reverse.

### Specialist Staff

The Greek, Spanish and Irish companies all attached considerable importance to the recruitment and training of specialist staff in connection with provision and service of fresh foods, which they all saw as one of their competitive strengths.

Trainee specialists - for instance in butchery, bakery, fruit and vegetables -were recruited from among school leavers in Spain and Ireland. The German apprentice programme also for school leavers had many specialisms including different kinds of food, and non-food areas such as computing, electronics and sport. The Greek company was tending to recruit from among the self employed, i.e. those with previous experience. While the UK's training programme for young people included attention to specialist areas, less emphasis was being put on them than in the past because more food items were being prepared outside the store. Specialisms were not seen as a priority in the Northern Ireland department store which had a fairly limited range of goods compared with the German chain.

### Managers

In the Irish and UK companies store and departmental managers were mainly recruited through trainee management schemes for young people. The German company identified potential managers from among qualified sales staff. The Northern Ireland company by comparison promoted sales staff to the posts of supervisor and then manager, and this process was expected to continue in respect of sales staff initially recruited and trained through the Youth Training programme. In Greece and Spain store supervisors and managers were also recruited from among experienced sales staff, though it seemed likely that more use would be made of external sources in future. In all companies managers were predominantly male.

At headquarters level there appears to be a trend towards greater employment of graduates rather than of those promoted through the company. This was most noticeable in the Greek and Spanish companies which had recently increased the number of specialist positions at this level.

## Equal Opportunities Issues

### Women

Women employees in the case study companies were fore the most part 'bottom of the heap' in terms of status and opportunities. There was one exception, that of the Northern Ireland department store, where in a predominantly female workforce women were proportionately represented among supervisors and managers.

In this company there were virtually no specialist departments of the kind which traditionally have been regarded as the preserve of men, and which in other case study companies were usually still likely to be dominated by men. The Irish supermarket, for instance, employed women mainly in basic grade sales assistant jobs, while men held all the specialist and management positions. The German department store chain employed mainly full-time men in specialist roles, while women, often part-timers, occupied jobs in other departments assumed to demand fewer skills.

In the Spanish company women had only recently been employed in large numbers, and here it was explicit that management had employed them only because the job's low status led to few male applicants. However, both in Spain and Greece women were beginning to be accepted in specialist jobs and in Greece women were making some headway into departmental management.

While part-time women in the German company got training if they were qualified they were disadvantaged at higher levels of the organisation; this the company recognised as being associated with restrictions on opportunities for women. However, they appeared to be unaware that proposals to increase the number of unqualified staff would in practice increase the number of women without opportunities for progression.

There was some awareness among employers and managers that women were disadvantaged, but many took it very much for granted. While there was evidence of some improvements in women's opportunities, these had for the most part happened despite rather than because of the company's attitude or policy. Only the UK company had a policy of trying to improve the career opportunities of women, part-timers, and others with few prior qualifications. Several initiatives to provide relevant training opportunities for such groups had recently started.

### Ethnic Minorities and Foreign Workers

With the exception again of the UK supermarket chain, which had statistics available to show that it employed members of ethnic minorities at about the same level as their representation within the working population, there was little awareness of the situation of minorities or foreign workers, or of employers' responsibilities towards them, among the case study companies.

The Greek and Spanish companies each had a policy of using existing employees' recommendations when recruiting, a practice which indirectly discriminates against people outside those employees' reference groups. The Spanish company had no compunction about discriminating directly against coloured people, and the small number of foreign workers employed by the German company was expected to decline as more labour became available from East Germany.

In Northern Ireland the issue was one of religious differences rather than ethnic origin; the company was employing Protestants and Catholics in the same proportions as their distribution within the population at large.

## 6.4 Training

### Level and Nature of Provision

Both long term training programmes for various groups and short courses were very well established in the German and UK companies, which had large training departments and good resources. In the Spanish, Greek and Northern Ireland companies the level of provision had been increased very recently. At the time of the study each had very or fairly generous programmes underway compared with much more limited efforts in the recent past.

The Irish wholesaling company which helped service the case study supermarket with training had in recent years put considerable resources into training, because they took the view that their independent members could expect to compete successfully with the major chains only if they used training to develop and maintain high levels of customer service. The particular independent supermarket studied was making full use of all the types of training which were available. The wholesaling company reported reasonable success in its aim of getting all member companies involved, but recognised that access to training was often difficult for owner managers and their staff.

Training for use of information technology in all case study companies had either been completed already or, on the basis of previous experience, was not expected to create any difficulties for trainers or trainees.

The fact that much of the training was relatively new and in some companies somewhat experimental should be borne in mind when the reading the next two sections; it seems likely that there will be further changes.

### Training for Young People

Where initial training was formal and extended it was most likely to be provided for young people. In Germany, the UK and Northern Ireland young people were recruited only into formal nationally supported training programmes, and this was the case whether they started as basic sales staff or as trainee specialist sales staff or managers.

School leaver trainee specialist sales staff were being recruited into training programmes in Spain and Ireland, and in Ireland and the UK there were programmes as well for trainee managers recruited in the 18-20 year age group. In the UK, Germany and Ireland use was made by companies for these purposes of external college courses. In the Spanish company the lack of suitable college courses was seen as a serious problem, and the company was collaborating with other employers to try and establish a vocational retail school. The Greek company had a considerable programme of sales specialist in-house training, though this was not confined to young people.

## Training and Progression for Unqualified Basic Grade Staff

In all companies some sales staff not taking part in long term training programmes were receiving training. In the Spanish company for instance cashiers had received training, and both the UK and Greek supermarket chains were providing initial and continuing training to general sales assistants without prior training or qualifications. In the UK case part-timers were included.

In the German company training opportunities were best for staff, including part-timers, who had qualified through the apprentice system, so unqualified staff were definitely at a disadvantage. It was recognised that in practice it would probably be necessary to provide some training for unqualified staff as their numbers increased, because customers would be "unlikely to adjust their expectations of service quality according to whether they are dealing with qualified or unqualified staff".

Thus throughout the companies there appeared to be few opportunities for sales staff without prior qualifications to obtain training related to career progression. While these opportunities were possibly better in Greece and Spain where there were no formal management trainee systems, those companies were beginning to consider external recruitment for such posts.

Whereas training for sales staff included part-timers in the UK case, hitherto they had had few opportunities for career progression. The company was taking steps to improve management opportunities, but success so far had been more marked at headquarters than in the stores where the value of part time management staff was questioned. It was evident there was a long way to go before part-timers would have equality of opportunity beyond the basic grade.

## Training for Managers

The German company had a programme of training for potential managers identified from among qualified sales staff, and was paying more attention to training for established managers because of the growing importance attached by the organisation to 'management style 'and managerial responsibility for team management and motivation. Similar themes were being addressed within the UK company's trainee management and senior management development programmes.

The main emphasis in the Irish case was on the trainee management programme, though attendance at one external management course was open to established store managers. Training for managers was being reviewed in the Greek and Spanish companies to take account of their increasing responsibilities. Departmental managers within the Northern Ireland department store would be encouraged to take part in training leading to a new UK retail qualification once it became available.

### Social Partners and Community Aspects

Only two case study companies had recognised unions and only the German one had any union involvement in the provision of training. Here the union contributed at national level to the development of syllabuses and qualifications, and the company's own works council could be involved at local level in decisions about apprentice selection, and the design and implementation of training programmes. The level of works council activity varied considerably among branches and areas. On the whole managers welcomed works council involvement because it helped to promote training among staff.

While no other case study company had such a system there were other examples of community involvement or awareness, including the extensive contacts, already described, with the local community in Ireland. The Northern Irish department store management, for instance, was interested in helping raise skill levels within the local community as a whole; the fact that trained personnel might be lost to other retailers was not a matter for regret. Similarly the Spanish company was trying to get established a college which would provide training for retail specialists and managers, and was doing this through cooperation with other employers in the local chamber of commerce.

## 6.5 Findings from the Italian Franchise Operation

### Company Strategy

The most striking difference between the other case study companies and the Italian one was the latter's control of the production process in relation to retailing: the two were mutually dependent. Use of a 'just-in-time' ordering system allowed retail outlets to order and obtain stock within two weeks, and the process of continuous adjustment this allowed over the whole scale of company operations meant that as each season progressed successful models would come to the fore and less successful ones be abandoned. This allowed for optimum economies of scale. The process of collecting and delivering orders was performed through a very sophisticated information technology network. In addition, retailing of 'branded' goods allowed it to compete on grounds other than purely customer services.

Overall company development and its pattern of investment were directed by the owning family. Whereas they originally invested capital in retailing in Italy, they later disinvested from this area and shifted the money to other countries where they wished to expand. As the company's business became established in a new country the same procedure was followed.

Thus while shops may initially have been owned by the family, eventually they became the subject of informal franchising agreements and were regulated informally. The agents responsible for helping to develop the retail network (80 in number in 1991) received payment through profit sharing and commission rather than being salaried managers. Entrepreneurship was encouraged and used both internally and externally in order to expand the business.

### Rate and Scale of Expansion

The company expanded very rapidly using this formula. It began with one outlet in Italy in 1968, and had expanded to over 1,000 in Italy and 750 overseas by 1982. By 1991 there were 7,000 shops under its label worldwide. This rate of expansion was far greater than that in any of the other case study companies investigated.

### Employment Policies

While the retail side of operations was strictly controlled by the company in terms of supply of goods, presentation and pricing, the company itself employed very few people on the retailing side. Shop staff were employees of the shop owner directors.

Nonetheless a company style of operations was evident within the franchised outlets. Throughout the operation the number of administrative and supervisory staff was kept to the minimum, there was considerable delegation of tasks, and within the shops sales personnel were expected to carry out all functions. Standardised display systems were efficient to use.

The outlets themselves were small with an average of five members of staff, so organisation and management at that level was not complex. However, they received all the benefits of being part of a large organisation including a sophisticated ordering system, financial credits and international advertising campaigns.

Sales assistants were recruited from among 'attractive women in the 17 to 20 years age group', a policy which clearly favoured certain women within this narrow age range, but excluded other people. The network of agents and shop directors consisted of many who were originally employed as shop assistants. Shop assistants learned on the job; after 2/3 years' experience they would be ready to manage a shop. These opportunities for advancement helped to keep labour turnover low among sales staff, and the internal labour market provided the skills the company needed to expand. It had no system for providing formal training within outlets. The consequence of all these different features was that labour and organisational costs were lower than in comparable clothing shops.

## 6.6 Discussion

The most striking characteristics of the Italian franchising case compared with the others lay in its methods of business expansion and its form of organisation, particularly on the supply side. The skills implications for those who wish to succeed in such a system appear to be primarily entrepreneurial, though for these to be effective obviously the individual must also have a good understanding of the how the business operates, its market, and of relevant display and selling techniques.

The entrepreneurial role was also a feature of the Irish case, where both the voluntary group and the supermarket owner saw ownership of a shop, or the prospect of ownership, as a major motivating force for owners/store managers and an important ingredient for success. Motivation in this context is likely to increase the individual's willingness to put effort into learning and applying methods which will improve management and efficiency, and also the number of hours put into the business.

The main difference between the two cases is that the voluntary group saw training as essential both for store managers/owners and for sales staff. Their package for success involved the motivational fillip provided by entrepreneurial opportunities and training. The fact that training was seen as necessary in this environment may be at least partly explained by the fact that operations at store level, both in relation to range of goods and staff roles, involved more people and were much more complex than in the franchise outlets. Being motivated would not be enough on its own for store managers/owners to operate at maximum effectiveness, and it would simply not be realistic to suggest that all staff might one day own their own store. Moreover, the group's competitors were engaged in a policy of using training to raise company and staff standards, and as far as the group was concerned this policy was effective. They could not afford to take the risk of leaving undone what their competitors were doing.

These considerations do not detract from the observation that the franchise operation was substituting entrepreneurial opportunities for training, and that such a substitution emphasises the motivational role of training as opposed to its ability to develop skills and knowledge. However, reflection on these two cases also leads to the conclusion that this kind of substitution will only be a possibility in certain conditions. In the Italian franchise case those conditions included the ability on the part of the main company owners to develop and manage a highly sophisticated ordering and supply system, retailing of only one type of goods, in this case clothing, and use of small outlets where all staff functions were interchangeable. Competitive conditions for clothing, especially in a case where advertising campaigns had a key role in promoting an image, are also probably less 'tight' than in food retailing where consumers have more opportunity to compare like with like.

What both cases highlight is the potential of entrepreneurship for company and individual success over and above specific retail skills and knowledge. They also draw our attention to the motivational role of training. which is likely to be most significant when other means for motivating staff are not available or neglected, and when the level of skills and knowledge content is fairly undemanding. In practice this aspect will be most relevant for sales staff, but clearly has a function for raising the performance of specialists and managers too.

## 6.7 Summary

While the six 'mainstream' retail companies showed diversity in terms of size, type of ownership and stage of development, important features they had in common concerned competitive strategy and the role of training. All put considerable emphasis on customer service and all were tending to increase the responsibilities of managers. The main impact of information technology on skills was that managers would need to be able to interpret and make use of the additional information such systems provided.

Training was regarded as essential in helping to develop staff in order to meet company goals, and no difficulties had been experienced or were expected in training staff to the standards required, whether for information technology, customer service or managerial development. However, while training was offered to all grades of staff, it seemed possible that opportunities for progression to supervisory and management positions might reduce for basic sales staff because prior training and qualifications would increasingly be required for such positions.

Because of the perceived importance of training, the companies which previously had done little of it had recently begun or increased in-house provision, and this in two cases was associated with an expansion in numbers of professional and managerial staff at headquarters overall.

The Italian case study provided a strong contrast to this picture. Here a dramatically successful business in terms of sales and expansion was based upon company control of production linked by information technology to demand led orders from retail outlets. The outlets themselves were controlled mainly informally through franchising.

Those working in the system were encouraged to be entrepreneurial and rewarded for it either through payment based on sales or by opportunities to become shop owner directors themselves. The number of people employed by the company itself were kept to the minimum and tasks tended to be delegated downwards. Within the retail outlets no formal training was provided.

So whereas the 'mainstream' companies could be regarded as using training to some extent as a competitive weapon, and were expanding employment of graduates and professionals in association with this and other managerial functions, the Italian company was achieving its success on the basis of a particular form of business organisation in which training and qualifications had little part to play.

Consideration of the role of training in the Italian case compared with the Irish voluntary supermarket group, where entrepreneurship was also a factor, suggests that the ability of the franchise model to substitute business opportunities for training was to a considerable extent a consequence of its particular form of organisation and the type of goods on sale. Both cases highlight the importance of entrepreneurial, as opposed to specific retail skills in business success, and draw attention to the motivational aspects of training.

# Chapter 7 Factors which Influence Skill Needs

## 7.1 Introduction

In Chapter 3 we examined structural changes in retail developments, such as the trend towards larger stores and hypermarkets. In this section we summarise findings from previous studies on internal changes which may impact upon employment and training, and external factors which may influence the supply of workers to the industry. Where relevant, we refer to findings from the case studies.

## 7.2 Technological Change

Advances in technological systems have been rapidly introduced into the retail industry. The most highly visible investment in IT has been the introduction of electronic point of sale (EPOS) technology such as scanning equipment. Table 7.1 below shows the extent of this introduction.

While some countries are much ahead of others in the process of introducing such equipment, it is clear that the rate of increase in its use is rapid in all countries once the process starts. All our case study companies had either implemented EPOS or were in the process of doing so. Although the rate at which new technology has been introduced varies, the general findings about the nature of the changes involved are very similar, whether they are on a European wide basis or refer to particular countries.

The characteristics of information technology which bring about savings are its ability to improve the quality of products, processes and services and the ability to link up suppliers with service firms, both processes being observable within the retail sector (OECD, 1989). Investigations into its introduction in the service sector generally and the retail sector in particular have demonstrated that significant changes result in the way the work is done and organised.

While national reports (OECD, ibid.) suggest that the impact on skills is less direct in services than in manufacturing, the relevant skills in retail involve very large groups of employees, and require new and more frequent relationships with clients. Knowledge is primarily software rather than hardware based.

In the UK the main effect identified from the introduction of systems for data collection and storage, its transmission, processing and presentation were that information and decision making were devolved to branches. Within basic grade jobs there was a tendency towards multi-skilling, and there were also reductions in numbers of traditional jobs (NEDO, 1987). In addition the need was observed for sales and check-out staff to be able to explain new procedures to customers and for greater interpersonal skills in general at points of sale. Findings from a French study (CEREQ, 1990) are very similar, with additional points being made about the need for those responsible for sale to deal with cheques, bank and credit cards rather than cash transactions, and for those working in warehouses to monitor the use of machines.

**Table 7.1 Number of Stores with Scanning Equipment**

| | As at 1 January | | | | |
|---|---|---|---|---|---|
| | 1981 | 1983 | 1985 | 1987 | 1989 |
| Belgium | 0 | 12 | 115 | 278 | 64 |
| Denmark | 0 | 0 | 14 | 107 | 530 |
| France | 2 | 37 | 420 | 1,626 | 3,471 |
| Germany | 23 | 69 | 290 | 966 | 2,252 |
| Greece | 0 | 0 | 0 | 0 | 0 |
| Ireland | N/A | N/A | N/A | 10 | 30 |
| Italy | 9 | 13 | 20 | 550 | 1,250* |
| Luxembourg | N/A | N/A | N/A | 17 | 18 |
| The Netherlands | 1 | 36 | 134 | 386 | 740 |
| Portugal | 0 | 0 | 0 | 0 | 83 |
| Spain | 0 | 2 | 36 | 188 | 912 |
| UK | 7 | 42 | 160 | 793 | 2,792 |

* *Estimate*
*Source: Trends and Management Issues in European Retailing*

The new technology also has considerable implications for managers. For instance the UK study concluded (NEDO, ibid) that store and warehouse managers would need to understand the technology and why it was used well enough to be able to train others; while those dealing with suppliers required an understanding of the interface between the retail outlet's and supplier's technology and the ability to communicate appropriately. Headquarters managers and buyers would need skills across a wide range of technologies. Research in France (CEREQ ibid.) showed that managers and buyers at all levels would need to be able to analyse and interpret data, be competent in marketing and merchandising, and also be skilled in personnel management. The ability to interpret the improved information the new systems provide is of course critical if its potential for assisting decision making is to be realised.

Looking to the future we should consider whether the widespread introduction of this technology can be carried out satisfactorily with the kind of personnel currently employed in retail. Or will the new demands lead employers to seek staff with a higher level of skills and qualifications than in the past? Research to date implies that no radical changes will be needed.

For example, five case studies carried out in the UK (NEDO, ibid), of companies where Electronic Point Of Sale (EPOS) and integrated business terminals had been introduced found that in four out of five cases the introduction and training had been carried out smoothly. Some problems were observed in one case, but these were traceable to inadequate training. In general both managers and employees coped with the new systems satisfactorily. And a report on the Netherlands (Limburg, 1989), which found a relatively low level of automation in retail, reports similar effects in four companies where the introduction of new technology was investigated.

Similarly the case study companies had either already introduced information technology successfully through training and existing staff, or envisaged no difficulties in doing so.

## 7.3 Company Structures

Within large companies there is usually a well defined management structure at central, regional and local level. In a highly centralised structure most decisions will be made at head or regional office: in a highly decentralised organisation most decisions will be made by the local or branch manager. The structure of the organisation therefore directly impacts upon managerial job content.

A summary of arguments for and against decentralisation is shown in the chart below:

### Chart 7.1 Arguments for and against Decentralisation

| *Centralisations* | *Decentralisation* |
|---|---|
| Economies of scale in buying | More flexible response to local markets |
| Economies of scale in replication of standard business functions | Local management accountability |
| Uniform corporate image | |
| Consistent trading quality and standards | |

Different market conditions can also play a role in determining which of these studies is 'right' for a retail company. For example, in France the existence of strong regional variations in tastes, the relative weakness of national media and a fragmented consumer market all lay down ideal conditions for a more decentralised system.

The development of information technology systems as a means of integrating information and decision making within a large organisation requires the employment of specialist staff centrally. Headquarters then becomes the natural location for policy decisions on company strategy, marketing etc. and, if company strategy includes training at least some training/HRD specialists as well as finance and marketing managers will be based there. The more recently established and expanding companies in our case study sample - in Spain and Greece - had recently expanded and developed professional and specialist roles centrally and at the same time formalised job roles for managers and supervisors at outlet level. In these respects they had conformed to management structures which had been longer established in companies in Germany, Ireland and the UK. The Italian case had similar staff roles centrally, but delegated responsibility and roles at local level through sub-contracting.

In the case of the independent retailer, buying groups such as that illustrated by the Irish voluntary group have many of the features of large retail chains. Thus independents can benefit from buying goods and associated services on a large scale, but link in to information technology systems and gain access to information about national or regional trends. While all decisions must be made at local level retailers can take account of such macro information.

## 7.4 Implications for Managerial Roles

One of the advantages of computer systems is that they allow for the possibility in a large organisation of choice about the point where decisions are made, with both local and central decision making often being technically feasible. Changes in a pattern of such responsibilities can also be made with relative ease. A supermarket chain, for instance, can make economies of scale by carrying out purchasing policy at central level, using national suppliers. Decisions about supplies to particular outlets can be based directly on computerised information about past sales and sales trends in those outlets or can be modified at local level to take account of a manager's local knowledge.

In our sample of case studies the tendency was to expect a high level of responsibility on the part of store managers. Whereas store managers and/or owners were working in centralised systems and within a framework of company or group policy at national or international level, they were expected to make their own decisions about store management and to take local factors into account as well as the information provided through the company or group information system.

In respect of sales and ordering the main skill need appears to be the ability to interpret centrally provided and usually computerised information, and to relate that to information from within the store. However, availability of an advanced IT system gives an organisation the option in principle of eliminating or reducing local discretion below the levels which were found in our case studies.

## 7.5 Customer Service

In most general product markets, retailers can no longer expect volume growth of any significant size. The various retailing outlets are therefore involved in a zero-sum game; any increases in their sales volumes will be achieved by lowering sales volume of other retailers. A key element in this competitive game will be the role of customer service.

The growth of the major retailers has often been at the expense of smaller, independent stores. As noted earlier, this may have reached saturation as consumers are showing signs of a move back towards wanting individual customer service. Here there may be an opportunity for an independent department store (such as the Northern Ireland case study) in two ways. Face to face selling of the kind still relevant in a department store provides plenty of scope for the deployment of good customer service and interpersonal skills on the part of sales staff. Such an approach can also maximise the potential of an independent to be regarded as unique in its locality and thus distinguishable from its competitor chain stores.

All of the case study companies except the Italian one attached considerable importance to improved customer service as a key element in their competitive strategy. In the Italian case advertising campaigns, market image and sensitivity of supply to buying trends appeared together to substitute for an emphasis on staff relations with customers. While this approach has obviously been highly successful for the business in question, it seems unlikely - as discussed in Chapter 5 - that it is transferable to all types of products and retailing conditions.

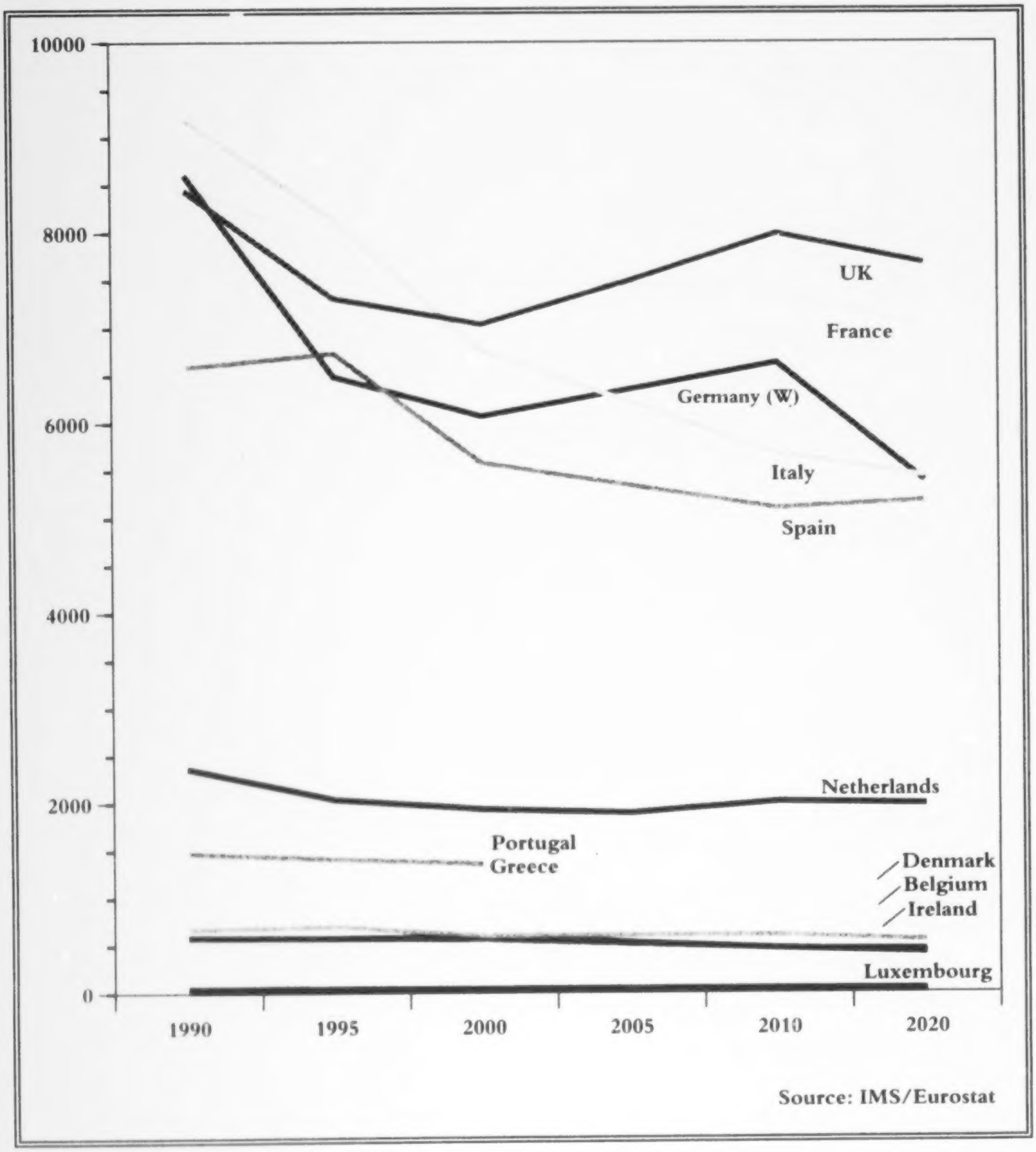
## 7.6 Demographic Trends

The demographic downturn amongst young people is particularly marked and well-documented, as shown in Figure 7.1. By 2020, the number of 15-24 year olds will fall in Italy by 41 per cent, by 38 per cent in Germany and by 21 per cent in Spain. The impact of this will be that the workforce of the community will age during the next two decades, with increasing numbers of workers aged 45-65 and a rapid growth of the 'dependent' population aged over 65.

Short-term, recession-induced, falls in demand for labour has caused a masking of the impact of the demographic downturn. However, the long-term pressures to reduce supply will continue and as labour demand grows throughout the decade, there will be increasing shortages, particularly of young people. Employers will increasingly need to shift towards alternative employment sources. One of the major identified sources is older workers.

All our case study companies relied heavily on young people to fill their basic staff positions. In the UK and Germany where shortages of young people had begun to

**Figure 7.1**



Source: IMS/Eurostat

occur (before the onset of the recession) employers were turning to older workers.

## 7.7 The Impact of the Single Market

The completion of the single market will have an impact on all aspects of business life in the European Community. With the expansion of the Community taking place, this impact will tend to increase and not lessen.

Despite this, it has to be said that retailing is a sector in which it is not as obvious that there will be major change as in other sectors. Retailers, even the largest and chains, have grown by serving their own communities - which may be local, regional or national but are not usually international.

The Italian case study, however, illustrates the gains that can be made very rapidly from international expansion, and may offer a foretaste of a more common future phenomenon.

Nonetheless, the completion of the single market may alter the ways in which businesses operate and structure themselves, but will not necessarily alter the different tastes which determine the markets in which the retailers offer. The major implications for the retail sector are:

- a Single Market will provide a wider range of products and suppliers who are accessible and easier to do business with;
- there are several less developed retail markets (particularly Spain and Greece) which may be the focus of attention for retailers from developed Member States.

Overall the single Market will likely to affect the retailing environment in terms of labour relations particularly the implementation of the social chapter. Below we outline the main elements of the Treaty on European Union and the Action Programme to implement the social chapter.

The Treaty on European Union was signed by the Heads of all 12 Member States of the European Community at Maastricht on 7 February 1992, setting out "a new stage in the process of creating an ever closer union among the peoples of Europe" and promoting "economic and social progress which is balanced and sustainable, in particular through the creation of an area without internal frontiers, through the strengthening of economic and social cohesion". Probably the most widely publicised aspect of the Treaty was the protocol on social policy, the so-called 'social chapter'. This was rejected by the UK government and will cover only 11 states although the situation in Denmark is unclear at the time of writing.

Under the social chapter, the 11 have agreed the "promotion of employment, improved living and working conditions, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion". To achieve these aims the Council of Ministers may adopt, by qualified majority voting, Directives to set out minimum requirements in the following fields:

- improvement of the working environment to protect workers' health and safety;
- working conditions;

- the information and consultation of workers;
- equality between men and women with regard to labour market opportunities and treatment at work; and
- the integration of people excluded from the labour market.

In addition, the agreement also authorises the Council of Ministers to adopt Directives by unanimous decision in areas such as social security, conditions of employment for third-country nationals residing in the EC, and financial contributions for promotion of employment and job-creation. However, the agreement excluded action on pay, the right of association, the right to strike and the right to impose lockouts.

As the UK did not take part in any negotiation or discussion of the legislation in the social chapter, it is not bound by any of the measures adopted. In fact, the chapter expressly states that "acts adopted by the Council and any financial consequences other than administrative costs entailed for the institutions shall not be applicable to the United Kingdom". However it is possible for the UK government to sign up to the social chapter in the future, should there be a change of government or the present administration has a change of direction.

### The Social Charter

In 1989 the European Council adopted a "Community Charter of the Fundamental Social Rights of Workers", being a declaration of intent to guarantee basic employment rights in all member states. The Charter was accompanied by an Action Programme to implement the measures contained in the Charter. To date, Directives on the health and safety of temporary workers, and on written statements of terms of employment have been adopted, and a number of other proposals have been submitted to the Council by the European Commission on the issues below:

- protection of pregnant workers;
- working time;
- atypical workers;
- European Works Councils;
- transport for workers with reduced mobility;
- temporary posting of workers;
- amendment to redundancy; and
- protection of young people at work.

We describe these issues more fully in Appendix 1.

There are differing views on the likely impact of this legislation. One school of thought argues that the imposition of a greater level of bureaucracy in the labour market will lead to higher levels of unemployment. This is the rationale given for the UK Government's non-acceptance of the Social Chapter. The alternative school argues that the removal of exploitive conditions will lead to a high wage/high skill equilibrium, bringing ultimate benefits of higher employment and higher production of value-added.

With specific regard to the retail sector it is doubtful whether the levels of employment at the European levels, or the distribution of employment between Member States, will be greatly affected by the legislation. Because of the nature of the retail sector and its local, regional and national roots, added to the pan-European implementation of the Social Chapter (with the exception of the UK) we believe that there will be little differential impact.

A possible greater impact will be felt on the nature of employment within the sector itself. We see two contradictory forces at work:

- reduced attractiveness to employers of young and female workers, who are (as we have seen) important groups to this sector;
- an increased supply of part-time female employees due to increased protection of female workers.

We cannot predict which of these forces will be the strongest, but believe in any case that they will be overwhelmed by the other factors operating in the labour market, which we have outlined, at least in the short-term.

There may, however, be more rapid impact on labour relations[1]. European institutions, the Commission in particular, have been very supportive of the concept of social partnership, where they are legitimatized by the official process of social dialogue. they are viewed as one of the few effective countervailing forces to the lobbying powers of corporate interest.

Due to this, and other pressures, some commentators see a growth in "Europeanization" of industrial relations. Again there are two schools of thought:

- that the economic imperative of the single market and the EMU will have 'knock-on' effects. Economic convergence demands convergence on pay and labour costs, and this will filter through to the other areas covered by the collective bargaining;
- that the existence of an international arena does not necessarily require international bargaining.

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[1] See *Unions and the Single Market*, IRRS, No 522.

To an extent, a European sphere of industrial relations already exists. Multinational companies already bargain in this way, using differences in national productivity levels to justify differing national pay settlements. Pan-European processes and institutions already exist and there is an embryonic collective bargaining framework with the long-running 'social dialogue'. Whilst we believe that there will be a long-term trend towards increased European convergence in industrial relations, the short-term will see a reluctance to let go of negotiations that currently take place at local, regional and national level.

## 7.8 Summary

Factors likely to change skill needs are increasing use of computerised systems, changing managerial structure roles and a greater emphasis on customer service. The introduction of IT requires the provision of training for its implementation. To date this has been carried out smoothly and no particular difficulties are expected as the process continues, either for managerial or sales staff.

The effects of these changes will be broadly similar in kind both for basic grade workers and for managers. Sales staff are less likely to need specialist product knowledge but instead will carry out a wider range of tasks; increasingly they will have to be able to use computer technology; they may be expected to have more customer service and interpersonal skills at point of scale; and in some cases will undertake more problem solving.

The exact nature of managerial responsibilities will vary according to a company's management structure and the individual manager's location within it. The introduction of IT systems tends to increase the centralization of some functions such as supply however, managers in general are likely to have to take responsibility for a wider range of functions at store level, and there will be greater emphasis on management of people in dealings with their own staff, suppliers and the wider public. The ability to analyse and interpret information, and to make appropriate use of information systems, will be crucial in the context of decision making.

There will be a decline in the number of younger people entering the sector, and the main source of new recruits will be older people. Otherwise employers will be dependent for the development of the skills they need on their existing workforce and the pool from which it is drawn.

# Chapter 8 Occupational and Skill Change

## 8.1 Introduction

Detailed data on changing numbers of managers, specialist staff, supervisors and sales staff is not available on a European-wide basis. This gap we have attempted to fill using information from the case studies which shows us:

- the relative balance of different occupational groups;
- the factors changing this balance;
- skill change within each of the occupations;
- actions to meet skill needs.

It should be noted that personnel within the case study companies were not able to identify long-term staffing trends. It is an issue that is beyond their horizons. Instead they tend to work on the competitive needs of the company in the relatively short term. Comments on occupational and skill changes are therefore our extrapolations of previous trends, plus scenario building from expected future developments.

## 8.2 General Trends

The retail industry is in very different stages of development across the varied Member States of the community. To expect to see a uniform development in all Member States is therefore unreasonable. What we can see, however, is the existence of developed retail countries and those which are less developed. Whilst each Member State will retain their individuality to a large extent, the decade to the year 2000 will see an increasing convergence in the structure of the retailing sector across Europe as a whole, a process accelerated by the creation of the Single Market. This will be the result of two processes:

- firms in less developed Member States copying practices from developed Member States to increase market share and profits;
- firms in developed Member States expanding their activities into less developed Member States as their own markets approach saturation.

This process is already underway - see for example, the rapid development of the Spanish retail sector in the last few years with the growth of hypermarkets - and will have an impact upon occupational and skill conditions within every country. It also seems likely that the use of part-time staff will increase in countries where the proportion is currently law.

In addition to these two general models we have a third, that of a particular form of franchising system as shown in the Italian case study. Here entrepreneurial skills have a key role in the business's success, not just on the part of the originating company who design, commission and advertise the products, but at ground level through a system of agents and shop owners who benefit directly from profits. Commercially the company has been a great success, and is likely to have its imitators. However, sale of clothing through small outlets and promoted by advertising, while possible also for some other high fashion small bulk products, is not a model suitable for many retail sub-sectors. So while more examples of the method may yet be seen, it seems unlikely that it will be adopted on a scale that will revolutionise the sector as a whole.

## 8.3 Relative Balance of Occupational Groups

With the exception of specialist occupations, such as buyers, the majority of staff within retail fall into one of three categories:

- managers
- supervisors
- shopfloor workers

Shopfloor workers are responsible for the majority of activity in the store, and as such, make up the majority of staff. Supervisors are normally in charge of a group of shopfloor workers, who are usually grouped together in a work team. Departments are the first level at which the job title of manager is found, though smaller outlets will probably have only a branch manager. Beyond branch manager, there may be area and/or regional managers as well as those at headquarters, all depending on the size of the company. The ratio of managerial and supervisory staff to sales staff varies considerably. The median figure for the case study companies is 1:7.

## 8.4 Factors Changing this Balance

This ratio is changing, with some evidence from case studies showing a slight rise in the number of professional, managerial and supervisory staff relative to the number of sales assistants. This is associated with a number of factors:

- in rapidly expanding companies in the less developed countries a rationalisation of management structures and increased employment of staff with specialist skills, especially at headquarters;

- in the same companies development of more managerial or supervisory posts within stores;

- in general a change to a more decentralised managerial structure possibly leading to a need for more managers locally;

- more emphasis on the importance of training staff at all levels, in order to improve customer service, requiring an increase in the employment of trainers and other HRD specialists.

This finding is done by no means restricted to the retail sector. Across the Community as a whole it is expected that there will be:

- a marked decline in the need for labour with low qualifications or for unskilled work;

- increased demand for specialists and managerial workers.

These forecasts are replicated in most individual country studies.

However, the Italian case study again runs counter to the trend, with sales assistants learning on the job without formal training, and shop directors (store managers) often being recruited from among the same sales staff.

## 8.5 Skill Change within each Occupation

Changes in the roles of staff within each occupational definition are increasingly apparent, frequently caused by the factors identified above.

Managers are being asked to develop skills particularly in two areas:

- their ability to interpret information;

- willingness to be flexible, with a shift from specific skills to general skills, and a broadening of the role.

New technology is producing ever more amounts of information for management to use, but this is worthless unless it can be analysed and used. There is also a trend for managers to rely less on following traditional procedures and processes, and instead to make more decision for themselves, which require both more problem-solving and inter-personal skills.

For workers, the introduction of new technology has led to a de-skilling of some parts of the job role eg, through use of scanning equipment. This has led to two outcomes:

- the relative number of these staff have reduced;

- there is an increased emphasis on quality of customer service.

## 8.6 Action to Meet Skill Needs

In the context of skill shortages generally a European Commission study (IRDAC) concluded that the biggest challenge presented by the introduction of new technology in all sectors was for training in the management of technological change and understanding of its human resource implications.

It also pointed out that 80 per cent of the current European workforce would still be in employment by the year 2000, so that where the need for skill development was identified training would be needed on a massive scale. Special attention would be needed to older low skilled persons, and there was a need in general to improve the basic level of education.

Given that the retail sector has a poor record on training and a high proportion of employees with no vocational qualifications, it is clearly a prime candidate for an improvement all round in educational levels and skills on the lines just suggested. A tendency within the workforce at large to unstable employment plus heavy concentrations of part-timers, also makes the provision of training particularly difficult. The experience of the case study companies overall confirms this account.

Two possible response to this scenario are described by OECD (1989) in its report on technological change: strict division of labour with skill fragmentation, or human resource development in order to be able to give employees more responsible tasks. Research conducted as part of that study showed the latter approach to be increasing but the first still to be widespread.

Experience of the case study companies examined in this research is more in line with the human resource development approach. The key issue is the extent to which employers are content to make use of a large pool of workers without any special knowledge of retail, and to tolerate high turnover. While some of the case study companies could not be regarded by international standards as good employers in terms of their personnel practice, all except the Italian one, had either well established training provision or were in the process of increasing it. The disadvantages of not training part time workers were also becoming apparent. Even in the German company with a high level of qualified staff, which was intending to increase the proportion of unqualified workers, there was recognition that some training might be required for them. The company's motivation in each of these cases was to increase their competitive advantage through improved customer service.

It could also be argued that the Italian company offered financial opportunities in place of training, and that the total experience of being involved in such a business was educative for the employees. Opportunities to become involved in the business also provided incentives, and thus motivation, substituting in effect for one aspect of what training might otherwise provide.

Overall, then, the trend appears to be towards improved training provision and/ or business development opportunities, and for a larger proportion of employees to be so involved. The demographic trends outlined above are likely to accelerate the process by limiting the supply of basic grade employees.

## 8.7 Summary

While the retail sectors in Member States will retain their individuality to a large extent, the decade leading up to the year 2000 is likely to see increasing convergence of retail structures across the Community.

Retail sectors in the less developed states will tend to become more like those in the more developed ones, and firms in more developed countries will increasingly expand into the markets of others.

While statistical projections of skill needs within the retail sector are not available, trends in reports on the service sector as a whole, and observable in the case studies, imply some increase in numbers of professional, managerial and supervisory staff relative to basic grade staff. This is associated with:

- technological change which increases the demands on managers to interpret and use information, and may reduce the number of staff required to carry out basic tasks;
- greater sophistication in company structures, professional and managerial roles, in expanding companies within the less developed countries;
- an increase in general in the responsibilities of store managers, with less reliance on established procedures, and more need to be flexible and autonomous in approach;
- an increase in the amount of training activity in order to improve customer service, with consequently greater employment of HRD and training professionals.

# Chapter 9 Retailing in the Year 2000

## 9.1 Introduction

This chapter takes a speculative view of the size, structure and employment conditions of the retail sector which may exist by the year 2000. Forecasting over such a lengthy period and based upon fragmented data as exists for the retail sector across Europe is a particularly error prone exercise, and the forecast contained within are thus intended to be qualitative rather than quantitatively based. Such a forecast is based upon recent trends and the extent to which they continue; any significant change in the underlying relationships which determine these patterns will create errors.

## 9.2 Size of the Retail Sector

There are two main ways of measuring the size of a sector; by the proportion of GDP that it accounts for and by the proportion of total employment within the sector. In terms of GDP the data we have obtained indicate that for the more highly structured countries the proportion of GDP accounted for by retail has remained roughly constant over the last ten years. We see no reason for this to change over the next ten. Employment data show that retail share of total employment has risen only slightly, although some of the smaller economies (Greece, Ireland and Portugal) have shown a greater level of increase.

Thus across the Community we expect that the relative size of the retail sector will remain about the same or that increases will be minimal, producing somewhere between 12 and 14 per cent of GDP and accounting for between 9 and 12 per cent of all employment. There will be some increase in the smaller economies which may bring them up to the Community average, which may increase these countries' relative share of GDP and employment accounted for by the retail sector.

## 9.3 Structure of the Retail Sector

Although the overall size of the retail sector will stay the same the structure of the industry will change. The most obvious change will be in the number and size of outlets.

Overall we expect to see the number of outlets continue to decline as the average size of shop increases. This trend will be most marked amongst the less-advanced countries:. Portugal, Spain, Greece and Ireland, but we also expect it to continue amongst those countries which already down this path: the UK and Germany.

This does not meant that we envisage the total decline of all small shops, or that all employment will be in large supermarket or hypermarket outlets. There will always be a demand for niche outlets and for personalised customer service, which will maintain a proportion of smaller shops, and therefore employment within such an environment. Other trends, such as an increased demand for distance shopping, will also create employment on other retail environments. However, we foresee that an increased proportion of retail employment will be concentrated in larger, but fewer, outlets.

## 9.4 Nature of Employment

The nature of employment covers two factors: who will work in the retail sector and the nature of the job that they will do.

### Employees in the Retail Sector

The high proportion of female employees in the retail sector is a well established trend across the Community, although its extent does vary somewhat. We can see no reason why female employment share should fall over the next decade and indeed expect that as social legislation increases female employment participation rates across Europe, females' share of retail employment will increase, particularly in countries such as Greece, Portugal and Ireland.

The trend in part-time working, traditionally associated with the high proportion of female employees, is harder to determine as patterns are very different across Member States. The very high levels of part-time working existing in the UK, Denmark and the Netherlands, contrast sharply with the low levels in most of the other Member States. We believe, however, that wider trends to increase flexibility of the workforce combined with increased competitive pressures are likely to raise the proportions of part-time workers in the retail sector.

At the same time we expect that the long-term trend of declining proportions of self-employment/family workers in the retail sector to continue. This may even accelerate as the completion of the Single Market brings increased internationalization to the retail sector.

### Nature of Work

The type of jobs in the retail sector can be broadly categorised into three groups: management (including supervisors), basic grade/operational staff and specialist staff. There are changes affecting the relative numbers and the job content of each of these.

Overall we expect the number of managers and supervisor relative to the number of basic grade staff to rise as a result of greater devolution of responsibility to individual store levels. This is a theme common to many sectors where it is being increasingly recognised that empowering individuals to take more control over their own working environment leads to increased effectiveness. Demand for specialists will overall stay at about the same levels: that is, our case study shows that in Ireland, Greece, Germany and Spain there will remain a considerable emphasis on specialist staff for fresh foods and for other specialist equipment. But in the UKthere was a declining demand for such specialists.

At the same time the skills that these managers require will be increasing as they will be asked to be able to interpret a greater quantity and wider range of information and be able to perform a wider range of skills. Basic grade staff will continue to see many aspects of their traditional roles deskilled as scanning and other new technology is introduced. This will most likely allow a greater increase on the need for softer skills such as customer care.

## 9.5 Training in the Retail Sector

Training in the retail sector has been fairly rudimentary, with low levels of entrant and relatively low levels of investment in training staff. There are indications however, that this level of training will increase over the next decade. Factors leading to this are:

- a greater emphasis on training across all sectors in all Member States;
- increased proportions of higher managerial grade staff, who have traditionally received the lion's share of such training as has existed;
- increased emphasis on customer care and quality of service.

The latter trend will not be uniform. There are some indications that where competition takes place on the grounds of the product (fashion garments) or on price (the development of 'cheap and cheerful' supermarkets), staff training will not increase. Thus a segment of the market will compete on grounds other than quality of service and in these cases staff training will not be awarded such a high priority.

## 9.6 Summary

Our vision of the retail sector in the year 2000 is thus one of a sector which:

- is of a roughly similar size to that which currently exists in terms of its relative share of GDP and total employment;
- is increasingly based in a fewer number of large outlets, but which still retains a significant number of small outlets to cater for specialist shopping;
- remains a high, and probably increasing, employer of female labour. Part-time working will also increase across the Community, but with the number of self-employed/family workers declining;
- has a higher proportion of managerial staff relative to basic grade workers,

and these managers have to cope with a greater range of skills. The nature of the job will change for basic grade workers to encompass softer customer care skills;

- invests a greater amount in training.

# Appendix 1 The Social Charter

## A.1 Protection of Pregnant Workers

The Directive on the protection of pregnant workers and those who have recently given birth is in its second reading in the European Parliament after the Council adopted a common position on it in December 1991 (although Italy and the UK abstained from the vote, the former because they thought the proposals did not go far enough, the latter because they disagreed with the legal basis of the proposals.) The main points in the proposals are:

- fourteen weeks paid maternity leave, at least equivalent to the level of sick pay, conditional on twelve months employment prior to the expected day of confinement;

- guidelines on the assessment of workplace health risks to pregnant workers and those who have recently given birth, under which employers will be obliged to assess any risks to any such employees, and where any health risks exist either adjust the working conditions of the affected workers, move them to a different job, or extend their maternity leave.

The original proposal for paid maternity leave was that it should be on full pay, but this was watered down to overcome UK opposition to the proposal. However the European Parliament is unhappy with this reduction in the pay for women on maternity leave, and there is a possibility that it will reject this common position, in which case the Council could still adopt it with a unanimous vote.

## A.2 Working Time

The draft Directive on working time is currently in discussion in the Council, although there are areas of disagreement, mainly whether there should be a 48-hour limit on the working week and whether Sunday should be, in principle, a day of rest. Areas where there seem to be consensus include:

- a minimum of four weeks' annual paid holiday;

- a minimum daily rest period of twelve consecutive hours;

- an obligation on employers to inform health and safety authorities when employees on night shifts work overtime; and

- a specification that when night workers are transferred to day work on health grounds, they should receive the same compensation and protection from dismissal as other employees who are prevented from working due to health problems.

## A.3 Atypical Workers

As was mentioned above, a Directive on the health and safety of temporary workers has already been adopted by the Council, and the Health and Safety Commission has published draft regulations to implement the Directive in this country. There are an additional two Directives relating to 'atypical' workers, on the employment conditions of part-time, and temporary workers. However, neither have been discussed by the Council for almost two years, and are unlikely to be adopted, particularly in the light of UK opposition to them.

## A.4 European Works Councils

This draft Directive concerns the establishment of works councils in undertakings with 100 or more employees in two or more Member States, with the purpose of informing and consulting employees.

## A.5 Transport for Workers with Reduced Mobility

This draft Directive aims to "facilitate the safe travel of workers with reduced mobility in order to assist them in gaining access to the place of employment". The draft requires:

- the adaption of public transport, special transport and transport provided by employers to meet these workers needs, including safe access to and from the transport, appropriate reserved seats inside the transport, and an appropriate schedule in terms of numbers and frequency; and

- Member States to provide information for such workers, promote training schemes to help them travel safely, and provide the relevant training for public transport staff to enable them to properly assist workers with reduced mobility.

It has been considered by the European Parliament and several states that this proposal is too narrow in scope and should be amended to cover all citizens with disabilities rather than being limited to workers with reduced mobility.

## A.6 Temporary Posting of Workers

With the establishment of the Single European Market it will be increasingly common for employees to be temporarily posted to another Member State. This

Directive aims to ensure that workers posted to another state are entitled to the minimum employment conditions in that state, such as:

- working hours, rest periods, Sunday and night work;
- minimum rates of pay and paid holidays;
- health, safety and hygiene at work;
- protective measures regarding working conditions of pregnant women or women who have recently given birth, and other groups enjoying special protections; and
- prohibition of discrimination on the grounds of sex, race, colour, religion, opinion, national origin or social background.

This proposal does not intend to standardise employment law across Member States, but to make clear which rules must be respected by an employer temporarily posting workers in other Member States.

## A.7 Amendment to Redundancy

In 1975 the Council adopted a Directive on redundancies, requiring employers to inform and consult with their employees when making large-scale redundancies. The Commission now proposes that this Directive be amended in the light of the imminent creation of the Single European Market.

The dismantling of internal frontiers is already resulting in the reorganisation of major corporations, leading to more employees being affected by higher-level decisions as well as decisions by their immediate employer. The new proposal is to amend the redundancies Directive to specify that the obligation to consult with and inform employees about large-scale redundancies applies regardless of whether the decision is taken by the employer or by an undertaking controlling the employer.

## A.8 Protection of Young People at Work

The Commission has adopted a draft Directive on the protection of young people under the age of eighteen at work, specifically providing protection for their health and safety. The proposals included in the draft are:

- the prohibition on the employment of children under fifteen, except for children employed in cultural, artistic or sporting activities, and those over twelve engaged in non-tiring work;

- requirements on employers to assess any workplace hazards specific to young people, and where any occur to reorganise their employment of young people accordingly;

- a ban on exposing young people to dangerous industrial processes and chemical and physical agents;

- a limit on working hours of fifteen hours a week and three hours on school days for young people (aged 15-18) who are in full-time education;

- a ban on night work between 8pm and 6am (in specified sectors, eg bakery and catering trades, exceptions may be made but no young person can work between midnight and 4am); and

- minimum rest periods of 30 minutes after every four-and-a-half hours work, two consecutive days off every week, and four weeks' annual paid leave.

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# SECTION II THE CASE STUDIES

# Foreword

This volume contains detailed case studies of companies based in several different countries. Four were carried out by local researchers and three by the IMS research team. With one exception - that for Italy. The reports have similar formats, the nature of the material varies somewhat within this format according to the information available company by company.

The Italian report is different from the others, both because of the scale of the organisation - it is international - and because of its unusual mode of operations.

A summary of the case studies' main features is in Chapter 6 of Volume I. This provides a commentary on the case studies, makes comparisons between them and places them in the context of national and community trends.

We have reported the views of our case study interviewees as accurately as possible. Their views do not reflect the views of the authors of the report, the European Commission, EURO-FIET or CECD. They reflect the perception of the managers, to whom we spoke, and given that it is reasonable to act on their beliefs to inform recruitment and training decisions, we believe they reflect the real world of the labour market.

# German Case Study

by

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# 1 The Company

## 1.1 Background and Structure

The case-study company, is the largest department store chain in Germany. In addition to the department stores themselves, the group has two important subsidiaries: a mail order company and a travel company. Whilst the existence and evolution of the latter two companies are important to an understanding of the overall strategic development of the group, this case-study concentrates on the department store activity itself which accounts for 70 per cent of group turnover, and 86 per cent of total headcount (1990 figures).

The group has some 155 department stores in the former (pre-unification) Federal Republic of Germany and West Berlin, employing between them at the end of 1990 nearly 61,000 employees. The highest density of stores is found in the state of Nordrhein-Westfalen, which also contains the group's headquarters (in Essen).

The group operates only in Germany (with an on-going expansion into the former GDR - see below), with no strategy of expansion into other Member States. Despite its adoption of new technology, and modern management and marketing techniques, it retains much of the image and many of the characteristics of the traditional large German department store. In particular, individual branches, like their competitor chains exhibit many of the features typically found in "stand alone" department stores in countries such as the UK. These include:

- a wide range of departments selling mid- to upper- price range goods (including clothing, footwear, sports goods, electronic and household equipment, and food, drink and delicatessen products);
- some local product diversity between stores (especially in food and drink); and
- a solid, structured approach to the training and development of staff.

In 1990, the main product ranges of the company, in terms of their contribution to total turnover were as follows:

| | | |
|---|---|---|
| 1) | Textiles, clothing, shoes etc. | 34% |
| 2) | Furniture, household goods and consumer electronics | 21% |
| 3) | Miscellaneous (including cycles, auto parts, cosmetics, computers, watches and jewellery, toys, and sports goods) | 28% |
| 4) | Food and drink | 14% |

5) Restaurants etc. 3%

In general terms, the buying, distribution, and merchandising of "staple wares" (ie the bulk of categories 2 and 3 above) is **centrally controlled** through the new distribution centre at Unna (see below).

For fashion goods (mainly category 1 above), there is a **regional structure**, with the country (west Germany) divided into three broad regions (north, central and south), and the merchandise differs accordingly.

Much of the food and drink merchandise, especially fresh items, is **locally** purchased and controlled.

## 1.2 Recent Changes

The most important recent external change affecting the company has been "the change", i.e. the fall of the Berlin wall, the opening of the border with the GDR and the subsequent re-unification of Germany. The immediate effect has been a **sharp growth in business**, affecting particularly the mail order subsidiary, but also the Berlin stores, and those in towns close to the former border. Group turnover was 16.8 billion DM in 1990, a 12.6 per cent increase over the previous year: department store turnover increased by 8.7 per cent (the growth was around 25 per cent for the 18 stores located in Berlin and border areas), whilst the mail order subsidiary, boosted by demand from the former GDR, expanded turnover by 23.2 per cent. This growth has continued into 1991, with mail order turnover increasing by 55.7 per cent in the first half of 1991 alone (department store turnover increased by 8.9 per cent in this six month period).

The group is currently establishing and expanding its presence in eastern Germany, and to date has taken over from another company a total of nine department stores in the new *Bundesländer* (several of which had previously belonged to the group prior to the second world war, including the company's original headquarters), and is co-operating with several other east German stores.

The re-unification of Germany has resulted in an **easing of the previously tight labour market situation** the firm faced when recruiting store staff. This is particularly true for the seven department stores in Berlin, where the recruitment and retention position had become particularly difficult, and to a lesser extent for stores in border areas. The labour market remains tight, however, in southern Germany.

Another recent change affecting the company has been the limited introduction of longer opening hours in 1989 - the so-called *'langer Donnerstag'*, or late opening on Thursday evening - a relaxation of the highly restrictive laws on trading hours in Germany which date back to the 1950s. A key feature of the basic collective agreement covering this extension of working hours, was that it would not be met through increasing the hours worked by existing staff. The net effect in the group, therefore, has been greater use of part-time staff, and (particularly) temporary workers, and some redistribution of the hours of work of existing staff through the week. The basic employment contract for sales staff is an *annual hours* contract, specifying the total number of hours to be worked by the employee during the year, but allowing for variation (within specified limits) in the actual time pattern of hours worked, thereby giving the company considerable flexibility to cope with factors such as changed opening hours, seasonal fluctuations etc.

The major **internal organisational change** of recent years has been the **centralisation at a national level of the distribution process** for a major part of the company's products (mainly "staple wares" accounting for some 40 per cent of turnover), with a new national distribution centre in Unna (Westfalen) operational since 1988, and fully operational since the end of 1989. This change has been associated with the **development of** an integrated, computerised, management information system, linking electronic-point-of-sale technology with stock and inventory control, and with the ordering, packing, despatch and distribution network, centred on Unna and some regional centres.

# 2 Employment and Occupational Structure, and Trends

## 2.1 Overall Position

At the end of 1989, the total employment of 59,105 (48,885 full-time equivalents) was broken down as follows:

**Table 1**

| | | |
|---|---:|---|
| Managerial and professional staff | 680 | (1.2%) |
| Supervisory and Administrative staff | 5,803 | (9.8%) |
| *of whom:departmental managers/supervisors* | *3,070* | |
| *deputy departmental managers* | *1,515* | |
| Sales staff | 34,483 | (58.3%) |
| Manual employees (warehouse, maintenance, etc) | 11,215 | (19.0%) |
| Apprentices | 3,662 | (6.2%) |
| Temporary (mainly sales) staff | 3,262 | (5.5%) |
| **Total** | **59,105** | **(100%)** |

Of these employees, some 2,300 are employed at group headquarters in Essen, a further 1,200 at the new central distribution centre at Unna and the remainder are employed locally in stores.

A more detailed occupational breakdown was not available, but in broad terms, the different occupational categories are located in the organisation as follows:

> Managers: are found at all levels within the organisation.
>
> Retail professionals (buyers, merchandising, marketing etc): the location of these tends to vary with the product line. For "staple wares", they are concentrated at a national level; for clothing and fashion items, where there is a broad regional division of the country, they are found at a regional level; whilst in some areas , where there is a strong local element to product lines, these functions can be found at a local or store (notably food and drink) (even departmental) level.

Other professionals (finance etc), are largely centralised, although for example, each store will have an accounts specialist etc, in the administration. Similarly each store has its own personnel specialist (manager), and training specialist (manager).

Sales staff (including specialists), cashiers, and supervisors, are, naturally, found at store level. Note that supervisory staff in the above Table comprise, for the most part, departmental managers/supervisors (Abteilungsleiter - typically responsible for 10-15 staff within a department) and their deputies. Note also that with the exception of food departments, there is no formal distinction between cashiers and sales staff; that is all sales staff will also serve on the cash desk on a rotating basis.

Stockroom workers are, since the centralisation and rationalisation of the distribution function, relatively few in number (a handful per store) and located at store level.

Similarly, warehouse workers are increasingly concentrated at the central distribution centre in Unna, and to a lesser extent in some regional distribution centres (mainly for clothing and fashion wares) -there is, for example, a small warehouse/distribution centre (*Außenlager*) for the Berlin area.

Drivers and delivery staff are small in number because a relatively high proportion of goods are distributed by rail.

Administrative staff are found at all locations, but with a natural concentration at head office, and the regional distribution centre.

## 2.2 Overall Trends

Total (end of year) employment nationally since 1980 is as follows:

| | |
|---|---|
| 1980 | 74,877 |
| 1985 | 60,751 |
| 1990 | 60,742 |

Following a decline in employment during the early 1980s, associated with stagnant turnover and profits during these recessionary years, total employment has been stable (with small year to year variations) since 1985. Over the same period, sales floor space has grown by 7.2 per cent, and sales turnover by 27.1 per cent in nominal terms. This constant headcount has, however, gone along with a slight but steady decline in full-time-equivalent employment due to the greater use of part-time staff (see below).

The occupational structure has also been relatively stable over the last five years. Detailed data are not available over the full period, but there have been slight shifts in the direction of a higher proportion of managerial and professional staff. Between

1988 and 1989, the number of staff in the managerial, professional, supervisory and administrative groups increased slightly by 64 (1.0 per cent), whilst the number of sales and manual staff fell by 344 (0.7 per cent).

This trend, which is anticipated to continue over the next few years, is associated with

- the demands of new technology;
- the increasing need for specialist product knowledge and managerial skills at a departmental level;
- the fact that staff savings due to the introduction of new technology and the reorganisation and centralisation of the distribution system, have been primarily at a lower level in the organisation (see below on factors leading to changes in occupational structure) - although some senior posts were affected with, for example, the transfer of much of the buying activity from a local to a centralised national level.

Interestingly, this trend (towards a more qualified workforce) partly reverses developments earlier in the previous decade, where there was a tendency to reduce the number of managerial staff in stores. This earlier trend was towards flatter managerial hierarchies, and fewer supervisory functions within stores, such that departmental supervisors could be responsible for a group of several departments. The current tendency, however, is not to increase the span of managerial control, but to improve the quality of supervision, with a greater emphasis on further training and motivation of staff.

## 2.3 Gender

Just under 70 per cent of the workforce are female. There has been a slight tendency for this proportion to increase in recent years, in line with the slight growth in part-time work. There has been an increasing number of women reaching managerial positions. It should be noted, however, that the proportion of women remains much lower near the top of the internal hierarchy, than at the bottom where they make up the vast majority of the sales workforce.

## 2.4 Part-time Workers

On average in 1990, some 34.1 per cent of the workforce (excluding trainees and temporary workers) were employed on a **part-time** basis. This proportion (33.8 per cent in 1989) has increased steadily since the early 1980s.

Part-timers are predominantly (female) sales staff. The use of part-timers, and the increase in that use, has been primarily associated with a management-led desire to match staffing levels more closely with variations in customer demand during the day and week, rather than an explicit recruitment strategy.

A negotiated reduction in normal working time from *39 to 37 hours per week* (which took effect in July 1990) increased the pressure on the company to improve the match between working time and workload patterns. In practice, the reduction in working time has been met through a mixed strategy of:

- (slightly) increasing overall employment;
- better matching of working time to workload (through part-timers etc.);
- a slight *reduction* in opening hours.

There are parts of the country (especially in southern Germany), where the recruitment of qualified full-time staff, and of apprentice trainees remains extremely difficult, and in these areas a growing use of part-timers is also partly a response to such difficulties.

The distribution of part-timers varies considerably with department, and skill level. Some of the more "specialised" departments, such as computing, electronics and sports, and some food departments (such as cheese and fish) where male sales staff predominate, are almost entirely staffed with full-timers. Many stores would like to employ part-timers in such departments, but it is difficult to recruit males on a part-time basis given the relatively low wages in the retail sector.

Other departments, where skill levels are lower, (in the sense that less specialist knowledge is required, since the products are simpler, or change less frequently) are more likely to be staffed predominantly by part-time women workers.

Part-timers are not regarded in any sense as a "peripheral" part of the workforce. To the extent that there is any segmentation of the sales workforce in the "core-periphery" sense, it is between qualified and unqualified staff, or between permanent and temporary staff, rather than between full-timers and part-timers.

At higher levels in the organisation, there is virtually no use of part-timers in line management and supervisory positions, although in more specialist managerial functions with high proportions of women, part-time work is common (e.g. many personnel and training managers are part-timers). Some respondents felt that if the company was to succeed in getting more women into senior positions, the question of opening up line managerial positions to part-timers would need to be considered in the future.

## 2.5 Ethnic Minorities

The concept of "ethnic minorities" is not used in personnel and employment circles in Germany. The nearest approximation is the proportion of foreign workers, which stood at 3.9 per cent of the group's overall workforce in 1989. There is considerable variation between localities according to the proportion of *Ausländer* in the local labour force. The 1980s saw a slight increase in the employment of foreign workers

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in stores, a trend which is not expected to continue at the same rate given the influx of labour from East Germany.

## 2.6 Temporary and Casual Workers

These are used in significant numbers to meet seasonal fluctuations (especially before Christmas), and to cover staff holiday periods. The major sources of such workers have been students and "housewives". No clear trend in their use is evident; the numbers fluctuate from year to year in line with workload fluctuations, and with the relative ease or difficulty of recruiting permanent staff (thus the end of year total in 1990 was 3,952, compared with 3,262 in 1989, 4,445 in 1988, and 3,046 in 1987). Temporary contracts are often used as a *de facto* probation period for a route into permanent employment.

## 2.7 Labour Turnover

Labour turnover has been fairly low, bearing in mind that this is a relatively low paying, service sector organisation. Turnover has been running typically at somewhat over ten per cent in recent years (11.6 per cent in 1988, 12.5 per cent in 1989, 12.5 per cent in 1990), confirming the group's image as a rather traditional employer, with a stable long service workforce. Thus in 1989, some 46 per cent of staff nationally had 11 or more years' service with the company, and fewer than 20 per cent had less than two years' service.

# 3 Current Training Provision

## 3.1 Introduction

The approach to training in the company is heavily influenced by the distinctive German system of initial training for young people. Its essential features may be summarised as follows:

- there is a clear-cut and universally observed distinction between initial (apprentice) training for new labour market entrants, and further training which employees receive during the course of their careers;
- apprentice training, consists of on-the-job experience coupled with one or two days a week off-the-job training at a *Berufsschule*. The training normally takes three years, and successful completion of the training is always through (certified) examination.

Recruitment for the company draws primarily on the apprentice programme.

Further job-related training is less standardised and regulated than initial training, and there is considerable variation in the approaches adopted by individual firms, according to their needs. Further training in German firms may be broken down into three broad categories:

- '*Fortbildung*', which is training to update skills in a given profession;
- '*Umschulung*', which is training given to people changing careers;
- '*Einarbeitung*', which is induction training given to new recruits to a company, but who are already trained in the relevant occupation.

In general, staff receive further training only when they have completed a period of initial training, and a period of practical experience in the job (normally three years), i.e. further training usually begins at least six years after entering the labour market.

Essentially, there are three broad types of further training in the company, which we consider in more detail below:

- general, and specialist training, for non-managerial staff;
- training for potential managers; and,

- management training.

The organisation and structure of further training in branches is intimately linked to the career structure within stores, which in simplified form is as follows:

Store manager

Department manager
Deputy department manager
Trainee deputy department manager

Senior sales person

Member of "development circle"

Sales person (3-year trained)
Sales assistant (2-year trained)
Unqualified sales staff
Apprentice

In particular, the crucial role of the 'development circle' in the process of further training, and promotion from sales to supervisory/managerial positions should be noted.

In general terms, the proportion of total turnover devoted to training declined somewhat between 1985 and 1987, since when it has remained roughly constant at about three quarters of one per cent of total turnover. Perhaps more significant however, is the fact that there has been a clear shift of emphasis away from initial (apprentice) training, and towards further training associated with management and career development. Indeed, in 1990, for the first time, the costs of initial training (measured by the apprentice wage compensation costs) accounted for less than half the total training bill.

## 3.2 Initial Training

The Table shows that with some minor year-to-year fluctuations, all the main indicators relating to initial apprentice training show a downward trend. This decline is not, however, entirely due to a reduction in the demand for apprentices, and part of the decline simply reflects the inability to fill all the apprentice places which have been planned for.

Apprenticeships are offered in a wide range of recognised training occupations, but the majority of them (two thirds in 1990) are enrolled to take examinations to become a 'retail sales person'. In addition however, some sixteen other training occupations are available for the company's apprentices, including white collar clerical and administrative occupations, specialist sales areas (e.g. travel sales) and a number of craft occupations relevant both to manual maintenance occupations (electricians etc), as well as to specific areas of the company's product range (from bakers to dispensing opticians).

**Table 2 Training Statistics 1985-90 - Initial (apprentice) Training - Ausbildung**

| | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|---|---|---|---|---|---|---|
| Apprentices in training at year end | 4,987 | 4,618 | 3,989 | 3,757 | 3,662 | 3,712 |
| As percentage of total workforce | 9.6 | 9.1 | 8.0 | 7.7 | 7.5 | 7.6 |
| New apprentices starting in year | 1,815 | 1,679 | 1,471 | 1,573 | 1,529 | 1,532 |
| Unfilled apprentice places | .... | .... | .... | 50 | .... | 242 |
| Apprentices passing final examination during year | 2,693 | 2,918 | 2,619 | 2,074 | 1,774 | 1,334 |
| of whom, % remaining with firm: | | | | | | |
| a) as employees | 38.1 | 38.9 | 44.1 | 43.7 | 51.9 | 57.8 |
| b) undergoing a further year's training | 40.1 | 39.6 | 34.5 | 35.0 | 25.4 | 16.7 |

As far as the appropriateness of the initial training system was concerned, most respondents felt that the system was the backbone of training in the company, and that in general it was highly geared to the company's needs. There was some feeling that the level and detail of training required by recent changes in the rules governing the content of initial training is excessive for typical sales staff, who may end up being over-trained, and potentially demotivated as a result.

In the past, ex-apprentice trainees were usually given a part-time job offer. This policy has recently changed, and all those who pass their examinations are now (from 1991) guaranteed a full-time position. This is primarily an attempt to make apprenticeships more attractive, as a strategic response to the current shortage of young recruits. It is at present unclear how long this arrangement (which at present holds only for 1991) will continue - it depends both on the extent to which the recruitment shortage continues (see below), and the extent to which the ex-apprentices themselves take up the job guarantee.

## 3.3 Further Training of Non-managerial Staff

Further training for non-managerial staff can be general as well as more specialist in nature, such as product-specific training for specialist sales staff, and training in the use of information systems for administrative staff.

There are series of seminars on various topics (e.g. on shoplifting, health and safety, the new environmental protection legislation etc) provided from time to time for all staff, some of which are produced in house, and others of which are purchased externally. Some 319 such seminars were run in 1989, with a total of 4,143 participants.

A more recent trend has been the introduction of "personal development" workshops for staff, to deal with particular issues such as communications skills, and the avoidance of friction and insecurity among staff arising from frequent changes of managerial personnel. The development of such types of training has, however, been much less pronounced for non-managerial staff than for managers (see below).

More generally, the personnel department has in recent years introduced a decentralised counselling service to help staff identify their own training and personal development needs, and use of this service has increased steadily.

## 3.4 Training for Potential Managers

There is a clear career progression system for staff with managerial potential, and further training is provided *en route*.

Thus within stores, having completed an **apprenticeship**, an individual can become a **salesperson**. Salespersons with managerial potential can enter the 'development circle'. In 1989 some 456 people (i.e. an average of three per store) were in such circles. Typically, development circles members will receive in-house training (from half a day to a day per week).

For promotion beyond the development circle, staff must get experience in other stores (and attend further intensive seminars).

It is possible to stop one's career progression after the development circle, as 'senior' sales person. This applies both to those not selected for further promotion (following an examination), and to those who choose to go no further (the geographical mobility requirement may be relevant here).

There are two sets of examinations administered internally, one for those staff who move beyond the development circle to become assistants to the deputy departmental manager, and one for those who move one level further to become deputy departmental manager.

Whilst the internal route is the dominant one, there is some recruitment at higher levels, and business management graduates may enter the firm directly at (deputy) departmental manager level.

## 3.5 Management Training

Management training is becoming increasingly important, reflected in a change in the status and qualifications of the training staff themselves. Thus, for example, the current training manager in the case study store was the first university graduate (Diplom) to occupy this position, and similarly the head office training department has only recently begun to employ professional psychologists etc.

Training for communications and co-operation is a new but growing emphasis in staff training generally, but especially within management training, and it is anticipated to develop further in the future, in the light of the increasing importance attached to "management style" within the organisation. Teamworking *per se* is not an innovation, since the traditional organisation of the German department store has been based on departmentally structured teams. The new element is the increasing responsibility given to departmental managers for staff motivation and management within the team. Further training to encourage team identification is seen as the key to improving staff motivation, and attitudes towards customers.

# 4 Factors Likely to change Occupational and Skill Needs

## 4.1 Changes in Demand

The most important anticipated change in the volume of demand, comes from the continuing **rapid growth in the retail market stemming from the unification of Germany**. It is clear that the level of demand in the "new *Bundesländer*" remains well below saturation level, and further growth is anticipated. Such growth will increasingly be met through development of a presence within eastern Germany, rather than through the already over-stretched stores in (West) Berlin and the former border areas.

As far as the content of demand is concerned, the factor most likely to influence the occupational and skills profile, is the **increasing sophistication** of customer needs (particularly in western Germany) and hence of the products and services offered in many departments (entailing greater product knowledge on the part of sales staff). This change, which one respondent expressed as "customer tastes becoming more differentiated", is coupled with **increasingly short life-spans** of such products/services, which requires, in turn, the rapid and frequent up-dating of product knowledge, particularly in computing and consumer electronics departments, as well as some sports and leisure departments.

## 4.2 New Technology

The group is one of the leading edge firms with regard to the implementation of new technologies in retailing. The full impacts of the modern, centralised **distribution system** (introduced in 1988-89) and of **EPOS and related management information systems** (introduced during the 1980s) have yet to work their way fully through the occupational and training system, and further effects are anticipated during the 1990s.

In general terms, introduction of technology implies an increasing segmentation of the workforce by skill level, with automation resulting in fewer tasks (e.g. price labelling) in some areas such as the shop floor itself, whilst increasing the technical and analytical skills required in some of the "back office" areas. Some respondents argued that whilst it was relatively easy to learn the simple operations associated with the new systems, exploiting the full potential of such systems for sales staff would take some time, and for the moment was confined to a few enthusiasts (or system 'freaks').

The *Warenwirtschaftsystem* also has had important implications for **initial** (apprentice) training at a branch level, since an understanding of the systems operations requires some knowledge of all aspects of the business chain (purchasing, inventory control, marketing etc). The content of the initial training system has been revised accordingly.

## 4.3 Legislation or other Government Initiatives

The main area of recent government legislation likely to have an implication for the retailing sector, is that relating to **environmental protection**. In particular, under a series of new regulations concerning the recycling of packaging materials, to be introduced in stages over the next few years, retailers are being required to accept, and provide for the collection and recycling of, packaging returned to stores by consumers. The major training requirement here will be to ensure that staff at all levels have an adequate understanding of the legislation, the company's obligations, and the rights of customers in this area. Training is already underway on this question, and more is in the pipeline.

In addition, there may be **specific legislation affecting individual Länder** with implications for the firm and its skill needs and training provision. There currently exist, for example, in nine of the German *Bundesländer* laws granting individual employees the right to further work-related training during working time. The implications for individual branches of the company, are variable and depend very much on the take-up of these rights by individual employees, which has generally been rather low (as is also the case in other German employers).

The area of legislation with by far the biggest recent and ongoing impact concerns the **changes in the (initial) training regulations**, which have recently been overhauled/revised for many of the (approximately 40) recognised training occupations relevant to the retail trade.

## 4.4 Organisational Changes

Major organisational changes occurred during the 1980s, particularly the **centralisation of the buying, merchandising and distribution** activities in staple wares, with consequent implications for the location of (i.e. national rather than local), and skills required by, staff active in these areas.

Similar organisational changes are not foreseen for the next few years. However, at a strategic level, it is clear that the new ventures in the former GDR will be run initially at least in a somewhat different way from those in the former West Germany. In particular, it would appear that these new stores will each be more 'stand alone' than their Western counterparts, in the sense that they are each being established as limited liability companies in their own right. In practice however, it is unclear how far this east-west distinction is part of a long-term strategy, and how far it is simply a transitional arrangement in order to ensure that the rules set out for the takeover of east German enterprises are satisfied.

# 5 Future Occupational and Skills Profile

## 5.1 Sales Staff

More generally, throughout the company a **change in the skills mix** at shop floor level is anticipated, with a relatively greater use of unqualified staff to undertake menial or routine tasks concerned with goods movement, unpacking, display, tidying etc, allowing the freeing up of qualified sales staff to deal with customer service, and administrative tasks within departments etc. These changes are further facilitated by the impact of the new distribution system which reduces the volume of unskilled tasks carried out in stores, due to the centralisation of packing, and goods pricing activities in the distribution centre in Unna.

An important development has been the **division of company stores into five categories**, according to location, market segment, product range etc:

- "*Glanzlichter*" ("highlight") stores;
- "*Flaggshiffe*" ("flagship") stores;
- "*Herzstücke*" ("mainstream") stores;
- "*Spartaner*" ("Spartan") stores;
- "*Nobelspezialisten*" ("specialist" - eg furniture, electronics, sports) stores.

This increasing strategic differentiation between store types is reflected in a *de facto* but growing heterogeneity in the skill balance and types of staff employed (more qualified sales staff in *Glanzlichter* and *Flaggshiffe*, more unqualified, staff in *Spartaner*, and more product specialists in *Nobelspezialisten*).

It is clear, however, that these organisational developments may require some up-skilling of the qualified sales staff, whose jobs will now no longer contain routine tasks, and into which a larger group of skilled tasks will be bundled, including customer care and counselling activities.

A potential problem is recognised in this segmentation of the shop floor staff, in that customers will not readily recognise the two-tier nature of the workforce, and are unlikely to adjust their expectations of service quality according to whether they are dealing with qualified or unqualified staff. The implication is that the unqualified staff will also require a certain amount of customer liaison skills, and appropriate training.

The increasing skill differentiation by department is likely to continue. In particular, those departments (as noted above), with sophisticated, rapidly changing products, are likely to require more qualified sales staff, with customer advisory skills, and a wide and up-to-date product knowledge. Increasingly, such staff will require regular up-dating of their knowledge through short specialist courses, provided either in-house or by product manufacturers.

## 5.2 Managerial Staff

Whilst the increase in the managerial span of individual line managers is unlikely to continue, current strategies to improve line managerial skills throughout the organisation are generating a major training need.

The precise origins of this development are not completely clear. In part they simply reflect a general trend towards greater emphasis on management training in the retail sector as a whole, and in German industry generally, with the implication that major employers who do not provide such training as part of managerial career development will be at a competitive disadvantage in recruiting and retaining high quality managerial staff. In part, however, and more importantly, they reflect the perception that customer tastes are changing, with a clearer preference for more sophisticated products and better personal service from shop staff, coupled with awareness that the rapid growth in business in recent years has placed considerable pressure on sales staff. If the quality of service provided by sales staff is to improve, despite this increased strain to which they are subject, then not only must they be appropriately trained, with more routine tasks being shifted to "*Hilfskräfte*", but the quality of the supervision to which they are subject must also improve, with managers better able to communicate with, motivate, and respond to the needs and problems of their staff. The dominant theme was expressed in quotes by many of the respondents along the lines of "happier staff are more effective staff, and friendlier to customers", "we must counter the traditional internal elitism of the department store hierarchy, and treat our staff as we wish them to treat customers", etc etc.

# 6 Implementation

## 6.1 Recruitment

An important effect of unification has been the easing of the labour market in many of the localities in which it operates (notably Berlin and the former border areas of West Germany). The late 1980s had seen both a quantitative and qualitative deterioration, with fewer applicants for posts, large numbers of apprentice training slots remaining unfilled, and the proportion of qualified applicants falling. The picture is now different, and is expected to remain so for several years, both for stores in these areas and for those in the former GDR.

In general terms, no major changes are anticipated in terms of recruitment sources. The emphasis will remain on recruitment at trainee and unskilled levels, with internal promotion and development to higher positions. It is recognised that the underlying demographic structure of Germany is disadvantageous for a company in a relatively low-paying sector, heavily reliant on a large intake of young people. Despite this recognition, however, there is no explicit strategy to shift the recruitment emphasis to different labour market segments (women returners, older workers etc). As several respondents argued, the initial apprentice training system is seen as the 'touchstone' for labour resourcing in the company, and that in so far as there is a shortage of recruits for apprentice places (14 per cent of such places remained unfilled in 1990), the strategy is one of competing harder to fill such places. In support of this strategy, the ongoing reorganisation of work at store level (see above) is seen as making qualified sales staff positions more attractive, and more active marketing of the training and career possibilities provided by the company is planned. The easing of the labour market position following German unification will at least provide a 'breathing space' for the company in this respect.

## 6.2 Training Plans for Future

No major strategic innovations are planned on the training front - rather it is likely that the next few years will see a continuation and extension of some of the recent developments outlined in the previous section, notably:

- an increasing emphasis on managerial and supervisory skills;
- an increasing emphasis on training for higher quality of customer service, both via specialist training in particular product areas, and through training in communications and inter-personal relations skills;

- further developments in the 'conversion' of the staff in the east German stores, with special seminars in finance, taxation, planning techniques, and marketing (albeit heavily based on the content of training already used in Western branches);

- further innovations in training technology, with greater use of distance learning, and computer-based-training, particularly for updating knowledge in specialist areas;

- the continuing implementation of changes required by the *Warenwirtschaftssystem* of initial training.

# Greek Case Study

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# 1 The Company

## 1.1 Background and Structure

The case study company operates a chain of fourteen supermarkets. The first store opened in the centre of Athens in 1950. With the exception of one store which has recently opened and is located in Corinth, 80 kilometres away from Athens, the remainder of the stores are located in the more affluent suburbs of Athens.

There are about 1,500 employees in total, 150 being employed at headquarters. The smallest store has an area of 200 square meters and employs seven people; the largest has an area of 5,500 sq metres and 250 employees. The company's sales turnover was 40 billion drachmas in 1991. It is the fourth largest company in the Greek food retailing sector, and it holds the seventeenth position among the top 100 commercial companies in Greece for 1991.

The philosophy of the company is "quality-variety-service". All stores offer the best quality and variety of food products, including a delicatessen, and aim for excellence in customer service. The company is highly experienced in its sector of the market, in buying, marketing and sales, and in personnel policy. The stores are perceived by the public as being in the luxury supermarket class, and the clientele are predominantly upper class.

In addition to food products, stores have departments for cosmetics, household products, toys and games, apparel etc. A percentage breakdown of total sales is as follows:

| | | |
|---|---|---|
| 1) | Food-Beverages | 85.3% |
| 2) | Cosmetics | 5.2% |
| 3) | Household articles | 4.9% |
| 4) | Apparel | 2.5% |
| 5) | Stationery-Toys | 1.4% |
| 6) | Other | 0.7% |

The company was recently awarded an OSCAR by the Association Internationale de la Distribution de Produits Alimentaires et de Produits de Grande Consomation (AIDA)[1] for the best hypermarket in the world, in competition with candidates from 45 countries participating in the contest.

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[1] AIDA is based in Brussels and its membership is virtually all the large European distribution companies, mostly continental ones.

## 1.2 Recent Changes

Among the **external** changes that have affected the organisation the most important are those related to the at least partial liberalisation of the labour market and the 1989 Regulation that permit longer opening hours (8am - 8pm). This allowed the use of part-timers because more people could be employed for less than forty hours, and provided the opportunity to employ more people during the peak hours and fewer during quieter trading periods or days. Thus manpower scheduling was adapted to the actual needs of the stores.

The new Regulation also gave the opportunity to many people such as students and older women with domestic responsibilities to find a job with hours that suited them. Their hourly payment is equal to that of full-time workers.

The negative aspect of part-time employment is that labour turnover is almost 100 per cent. Since many part-timers work on a short term basis for extra income, they have no commitment to the firm or job. Moreover they do not expect the job to offer career opportunities, partly perhaps because they receive different training to that of full-time employees.

The organisation has doubled in size since 1987. This rapid expansion is an internal change that has had major impact on all departments, creating both advantages and disadvantages. The company is gradually losing the characteristics of a family firm and is becoming an impersonal organisation with rules and formal structures. For instance most of the those employed in the firm's early days were recruited by word of mouth through a personal network of friends or relatives, but those employed more recently have been hired through formal procedures.

## 1.3 Management of Change

While the investment of capital may be implemented by an administrative decision of the company's chief executive officer, the change of culture is a very slow process requiring the participation of all its people. The current corporate culture has developed during the working experience of the longer established employees who thus have shared values, beliefs and expectations. Ideas about how work should be done and evaluated, and on how employees relate to each other have been taken for granted.

Management, however, has realised that, faced with competitive pressures, they cannot afford to trust to their instincts and personal experience and that they need to take advantage of advances in technology and science. So they have set up departments and hired staff in order to be able to offer professional expertise in areas such as training and development, loss prevention, management information systems, location research, and human resources. Departments have also been set up to deal with product specialisms, and also an export department.

These innovations have required some of the company's traditional values and beliefs about what is important in the organisation to be revised. Perhaps inevitably management is meeting with some resistance from people whose attitude towards everything new is, "Why should we bother to change our way of working since it has worked successfully in the past?". Older staff members want to pass on ways of working with which they are familiar to the new generation of employees. Thus, the company culture which used to be a source of strength becomes a liability.

The more the company changes the more its senior managers appreciate the importance of influencing the corporate culture itself in order to implement new organisational strategies. They also realise that cultural change is an extremely difficult and long-term process. Methods are being identified for helping to overcome employee resistance. These include maximising opportunities for employee participation and making communication as open as possible. The point is made that job security for everyone depends upon the company's success, which in turn depends on its ability to provide a high quality service based on progressive management and work methods.

The degree of employee resistance to this approach differs according to individuals' assessments of how change is going to affect their own position in the company. Organised resistance occurred only to proposed changes in working hours, which obviously affected directly staff's personal life-styles. Their natural initial resistance was strengthened by calls from trade unions and small retail employers' organisations, who associated the introduction of part time work with an increase in the pace of labour market deregulation. However, after a short period of transition, staff adjusted very quickly to the new conditions. Two factors appeared to have contributed substantially: the above average social status of having a job within the particular company, and a very positive response from customers who appreciated the new opening hours and interpreted them as a sign that the company was becoming more 'European'.

Up to now growth has been achieved by the opening of new stores. It has been decided that a strategy of growth should continue. The options of more new outlets under the current form of organisation, moving into franchising or, alternatively, entering into a merger with another company, are all being considered.

# 2 Employment and Occupational Structure

## 2.1 Overall Position

In 1987 the company employed 698 people. In 1992 it employs 1,500 and, with the opening of the second hypermarket in the next few months, the number is expected to increase to 1,800.

Numbers for each category of employee have changed as follows over this five year period:

| | | 1987 | | 1992 | |
|---|---|---|---|---|---|
| 1 | Store managers | - | - | 14 | (1.1%) |
| 2 | Dept. managers* | 15 | (2.7%) | 31 | (2.6%) |
| 3 | Supervisors | 5 | (0.9%) | 44 | (3.6%) |
| 4 | Sales staff | 351 | (63.9%) | 827 | (68.1%) |
| 5 | Temporary staff | 5 | (0.9%) | 5 | (0.4%) |
| 6 | Corporate office staff | 93 | (17.0%) | 143 | (11.8%) |
| 7 | Warehouse employees | 80 | (14.6%) | 150 | (12.6) |
| | **TOTAL** | **549** | **(100.0%)** | **1,214** | **(100.0%)** |

* The number does not include corporate office managers.

The main change over the period has been the development of the posts of store manager and of supervisor, thus strengthening managerial control within each store rather than relying on direction from headquarters. Managers are gradually being given more independence. For example, they have recently been given responsibility for all aspects of employment within the store, including hiring. They set their own financial targets for the year and their remuneration is related to the store's results. Each department in a store has a supervisor who is responsible for scheduling of the hours worked by employees, and for the ordering and reception of goods.

There has also been an increase over the period in numbers of corporate office staff. Key roles within the corporate office staff are as follows:

- There are two regional managers, who share between them responsibility for overseeing operation of all stores. They report to the Deputy General Manager-Operations Manager.

- There are eight specialist managers reporting to the Regional Managers for the following areas: meat, produce, delicatessens, oven-ready foods, alcohol & spirits, grocery, and clothing and cosmetics. Each one of them is responsible for the relevant department in all the stores by reference to the appearance of each department, the service it provides to customers, the volume of sales compared to the target, cleanliness, and other factors according to criteria for that department. The managers also run training sessions for departmental employees in each store. These arrangements for improving management of the specialist departments were put into place a year ago with impressive results.

- Retail professionals in buying, marketing, advertising are part of the commercial division. Professionals include food technicians, food tasters, and gastronomists. Senior managers and some buyers and specialists travel all over the world to obtain high quality products. The advertising department deals both with external advertising and in-store promotion.

- The Finance Division has recently hired a Financial Controller who is restructuring the division and introducing new ideas and techniques.

- The only professionals not located in the corporate offices are those responsible for the one Hypermarket. Here most managerial functions are carried out within the store.

- Stockroom workers are mainly located in the central warehouse. Each store employs only one or two people in its own reception and stockroom area.

## 2.2 Trends and Labour Turnover

A high rate of employee turnover is a serious problem for the Greek retailing sector in general, and it is shared by the company. Many of those who are hired leave the job within a year of employment and on average the labour turnover rate is about 50 per cent. The rate among part-time employees is even higher. While some turnover is both necessary and desirable so that new blood and ideas are brought in the organisation, its present rate is considered excessive.

Because excessive turnover is costly, time consuming and damaging to the store's sales and morale, it is a priority among managers to identify its main causes. An enquiry into turnover showed that a major cause is people's attitude in general towards work in a supermarket. The job is considered as degrading and belittling, and many of the company's staff intend to work in its stores only until they find a 'better' job.

However, the fact that the majority of those who were leaving did so very soon after recruitment suggests that the company's orientation programme was not satisfactory. For this reason a new induction system has been introduced in order to help people to adjust in the organisation. While statistical evidence is not available, the company believes that the turnover rate of new entrants has decreased significantly.

Another factor identified during the turnover study was the fact that many sales staff felt that their performance was not recognised or appreciated by their supervisors. The turnover rate for people holding a position with some authority and responsibility was by contrast very low. There was also a very low rate of turnover among administrative staff, with practically no one leaving the company, except for personal reasons.

In order to overcome the problem of high turnover amongst new sales staff the company is developing an appraisal system which is intended to improve their motivation. It is also providing additional incentives such as bonuses, faster promotion, and flexibility in working hours.

## 2.3 Gender

A high percentage of all employees are women. Most of them are sales staff, and in the past very few were found elsewhere in the organisational structure.

Recently, however, the attitude towards the employment of women has changed, and some have been appointed to specialist and/or managerial positions. For instance, the recently appointed Financial Controller is a woman and there are also women managers in the corporate offices. There are more women specialists than men, and women are being appointed as supervisors and departmental managers. There are however no female store managers or regional managers.

## 2.4 Part-Time Workers

In 1991 part time employees constituted 13 per cent of employees. This was the first year in which any part time staff had been employed, and the store managers are now examining the possibility of more extensive use of part-timers.

Extended opening hours requires efficient scheduling techniques to match staff requirements to the peak hours. The store managers are realising that the solution is the use of part-timers. However, there is almost 100 per cent turnover among them; they do not receive the same training as the rest of the employees. Moreover, there is a tendency among those employed as part-timers to press their supervisors to change their status to full-time

Part-timers are found only among sales staff. There are no part-timers at higher levels of the organisation or in the administration.

# 3 Sources of Recruitment and Selection Criteria

There are a variety of sources and ways of recruiting staff, as follows.

- Present Part-Timers. It has been found that a satisfactory source of full-time employees is from existing part-timers, because this has given the company an opportunity to observe the performance of the individual in question. The disadvantage of this system is that part-timers generally receive very little training and have mostly learned by trial and error. There is therefore a need to improve the training provided for part-timers since some of them have the potential to become tomorrow's full time staff.

- Referrals by Employees. Recommendations by existing employees constitute the company's second best source of employment. This method is also thought to increase the loyalty and morale of employees.

- Internal Transfers. Internal promotion is an important source. Opportunities for promotion improve staff morale and lower recruitment costs. Current employees are already familiar with the organisation and are pleased to have their performance recognised.

- Use of Media. Newspaper advertisements are also used to attract recruits. From time to time advertisements are also placed in foreign newspapers or journals. ( For instance two Australian butchers were hired in this way.)

- Employment Agencies. Private employment agencies are used particularly for managers and specialist qualified personnel.

- Competition. Although several supermarkets poach staff from their competitors this is not company policy; it is believed that employees trained in another organisation will find it more difficult to adjust to the company's philosophy and systems. The company also wishes to maintain a good relationship with its competitors.

The type of qualifications required and the extent and type of previous experience expected vary with the job. As a general rule candidates for positions involving direct customer contact are expected to be of good appearance and to have communication skills which will contribute to above average standards of customer service. For specialist sales staff, such as butchers, previous experience is essential. A number of such staff have previously been self-employed.

Store supervisors are rarely new recruits. They are usually internally promoted persons of several years' successful service in the company. However, the job is becoming increasingly complex, implying a range of skills not easily obtained simply through long service, so a policy of external recruitment for these positions may soon be implemented. In this case a programme of intensive on-the-job training will be provided.

Specialist staff employed in headquarters departments are commonly university graduates. The company also employs external consultants who operate internationally.

# 4 Training Provision

## 4.1 Courses

Within a general aim of providing training throughout the company the Training and Development Department currently is focussing on training courses for specialist sales staff, general sales assistants and store supervisors.

Training programmes are divided into two categories:

- Basic training in the skills necessary for anyone occupying a specific position, and

- Specialised training in the supplementary skills relevant to that position.

Specialised training is intended to differentiate and improve staff performance, thus providing the company with an additional competitive edge in customer service.

The trend in the planning of training is for topics hitherto in the Specialised type of courses to be moved into the Basic category, thus enriching trainees' skills.

Table 1 shows the difference between Basic and Specialised skills for butchers and Table 2 for produce assistants. In the case of butchery the specialised training puts the emphasis on skills which will enable employees to provide customers with additional information and guidance on the use of their purchases. In the case of produce assistants there is some similar input, but also training which will give better understanding of how produce is dealt with throughout the company.

The same distinction is made for all types of training. Otherwise there are four main categories of training content - retailing, managerial, inventory control, and computer applications - and courses are offered according to the area in which the employees work; Store, Central Offices, or Warehouse. There are also a few courses which are applicable to all areas. In addition to the syllabus for each topic details are provided about the aim of each session, to whom it is addressed, the duration of the programme, and qualifications and background required in the instructor. Manuals and audiovisuals are available for each course. Each course lasts approximately 50-70 hours.

Internal instructors are used whenever possible, but external trainers are brought in for areas where the company lacks its own expertise or when it is thought that the points would be put across more effectively when presented by an outside expert.

**Table 1**

| Position | Basic Training Topics | Specialised Training Topics |
|---|---|---|
| Butcher | Job Description | English Terminology for the meat department |
| | Building Customer Relations | Wine and Meat (matching the right wines with the right piece of meat) |
| | Packaging | Meat Cooking |
| | Pricing | Total Quality |
| | Handling Price Changes | "Group Effectiveness" |
| | Displaying/Merchandising | "Putting People First" |
| | Ordering | |
| | Receiving | |
| | Retail Cutting | |
| | Meat Inventory | |
| | Sanitation | |
| | Product Knowledge | |

**Table 2**

| Position | Basic Training Topics | Specialised Training Topics |
|---|---|---|
| Produce Assistants | Job Description | Introduction to Supermarket Economics |
| | Merchandise Knowledge | Visit to the Warehouse |
| | Ordering | Cooking for the Produce Department |
| | Receiving | English Terminology for the Produce Department |
| | Building Effective Displays | Wine and Produce |

| | | |
|---|---|---|
| | Shoplifting | |
| | Robbery | |
| | Customer Relations | |

The company is a member of the FMI (Food Marketing Institute - USA) from which it receives information which helps to keep training programmes up to date and from which it can obtain videotapes and other training materials. The company is also in contact with specialised institutions abroad through consultants in the USA, Canada and elsewhere.

## 4.2 Training in the Workplace

In addition to such courses away from the workplace the company provides training at the place of work. For instance, the 'orientation day' for new recruits involves a talk, in which the company philosophy is explained and the structure of the organisation is described, and a film is shown about the company's long term goals. Following this new recruits are introduced to the company's day-to-day activities and the skills they need to acquire. Trainees evaluate trainers' performance at the end of this training.

These sessions have been provided so far mainly for full time staff. However, since it is now recognised that part-timers constitute a pool of potentially very easily integrated full time staff, there is seen to be value in extending this 'orientation day' to them. As a first step the company is preparing for distribution a pamphlet describing the organisation and why it pays to be associated with it.

# 5 Factors Likely to cCange Occupational and Skill Needs

## 5.1 Changes in Competition

A recent development facing Greek supermarket retailers is entry of foreign supermarket chains. One response to this increase in competition will be differentiation of products and/or service. Since the company has always focused on quality of service and variety in products it will need to carry out more research into customer preferences and needs.

## 5.2. New Technologies

The company has recently decided to proceed with the purchase and installation of scanning equipment. This will have a major impact on the company's whole style of operation, and implies that cashiers, stockroom employees and people in the finance division will have to undergo additional training. The establishment of EPOS (Electronic Point of Sale) will also make a demand on managers: they will have to learn how to interpret and make use of the information the new system will provide. There will also be a change on the buying side of the operation. In order to operate the Just-In-Time delivery philosophy buyers will have to learn to be more cost oriented, and to take account of warehouse capacity and costs of retaining stock.

## 5.3 Environmental Issues

Concern about the environmental issues is now emerging in Greece and there are some signs of this increased awareness in the retail sector. The company is taking some initiatives in this area. For instance, the marketing department is preparing to use recycled bags, there are signed all over the stores which stress the importance of environmental protection, and brochures giving information about various environmental issues are being distributed to customers.

## 5.4 Foreign Languages

The need for foreign languages training is also expected to become more apparent. A seminar programme has already been developed and each department has its own manual for customer service with foreign language equivalents. Since a great many customers are English speaking this is the language most in demand so far.

# 6 Future Occupational and Skills Profile

In connection with the trends just described it is assumed that the provision of training will enable employees to acquire any knowledge or develop any new skills that are required. No changes are envisaged in methods of recruitment or in the criteria by which individuals are selected.

Changes arising from the company's expansion will involve some restructuring and are likely to affect the skills of employees in all positions and divisions. Here the company's response is to draw up job descriptions for each position in the organisation which will be used as the basis for defining the training needs for the various positions. Training is being planned to meet these needs.

Consideration so far has been given mainly to the needs of managers. From now on each store will be a cost and profit centre. This implies a higher level of responsibility and autonomy for managers, who will require an intensive training programme. In addition to customer relations it will include inventory control, costing and pricing, manpower planning, and computer applications. Another development involving managers is that the personnel department has changed its policy and has delegated authority for recruitment to the stores. Thus store managers will also have to learn how to carry out recruitment and how to train newly recruited personnel.

A further key area of need is initial training for managers. Until recently this has not been provided, and hence it has been common for employees whose performance is good in one position to be promoted without any analysis of their training needs. Consequently people who do not know how to manage have been promoted into managerial positions and have ended up doing the job they were doing before!. A proper programme of management training is expected to correct this situation.

# Irish Case Study

by

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# 1 Introduction

This case study is concerned with current conditions and future development within an independent supermarket, seen both from the point of view of the wholesale association which supplies its goods and provides other services, including training, and from the perspective of the supermarket itself.

The supermarket in the town of Kells was identified by the wholesale company as an example of good practice in training and for its progressive approach generally. The size and type of outlet is typical of the independents who are members of the retail supermarket group which the wholesale company supplies.

# 2 The Wholesale Company

## 2.1 History

The company first started in the wholesaling business in Cork 150 years ago. It is still a family owned private company. In the early 1960s it expanded its operations by opening enormous cash and carry stores for the retail trade, and by setting up an organisation to provide membership of the European wide VG buying organisation for independent retailers in Ireland. By 1981 there were 163 VG stores. However, the operation was becoming unviable because the company was supplying all stores with goods at the same price regardless of their size.

In 1981 the company invited 27 larger retail members to join a group for supermarkets under a group title - *A*. A new group for smaller outlets was formed under another name - *B* - and the majority of remaining members joined that organisation. Since then the company has had different pricing and marketing policies for the two groups.

During the 1980s the company developed two distinct 'looks' for the two groups, and upgraded frontages and decors in parallel. There was also a policy of improving internal departments in terms of appearance, hygiene and staff training. More recently a delivery system has been developed for the *A* group whereby members provide a van which is painted in its livery.

Over the period 1981 to 1992 there has been a steady increase in the number of outlets, as shown in Table 1. There is a fairly even geographical spread throughout Ireland.

**Table 1 Number of Outlets in the Company Buying Groups**

| | A Group | B Group |
|---|---|---|
| 1981 | 27 | 105 |
| 1992 | 141 | 230 |

A few *B* stores left the group during this period because they did not meet the company standards, and three stores left the *B* group.

## 2.2 Structure and Market Share

The company as a whole has three parts: four cash and carry outlets in Dublin, Cork and Limerick; 141 members of the *A* supermarket voluntary group; and 230 members of the *B* group. Members of the *B* group for the most part are convenience stores, though in some cases they may be the biggest general store for their town. The wholesale company's own turnover was between IR£400m and IR£500m in 1991, and its cash and carry operations accounted for about one third of this. Turnover of all *A* stores was over IR£300m and for *B* over IR£100m which, combined, amounted to about 16 per cent of retail's market share nationally. The company's cash and carry operations accounted for another three per cent of retail's national share.

*A* and *B* members buy their supplies exclusively from the company. The company provides them with services in finance and ordering, shop design and lay-out, equipment. A company accountant meets with each member's accountant once every three months to review the member's financial situation and to advise if necessary.

### 2.3 Employment

The company itself employs in the region of 6,000 full time and 100 part time employees. The majority are employed in the cash and carry outlets or as warehouse workers. Twenty five full time staff are employed centrally in managerial and professional positions, for instance in buying and information technology. Six of these staff are area managers for *A* stores.

A store in the *A* group would usually have a manager, sometimes the owner, an assistant manager, supervisors, and an office worker. In addition to check-out operators, shelf packers and a storeman, there might be specialist sales staff, for instance in butchery, bakery, the delicatessen and for fruit and vegetables. *B* group members, by contrast, would be unlikely to have a manager, and the store was often run by a husband and wife team. Some stores would have a butcher in addition to sales assistants.

The company keeps no statistics about the numbers employed in the *A* and *B* groups, which is a matter for members themselves, but believes that the *A* group has approximately 3,000 employees including the owners, and the *B* group about 2,000 including the owners. Part time employment is thought to be very common, and to comprise mainly young people between 16 - 21 years. There are also some women returning to employment after having children. Most of the young people are students working a few hours each week, and the majority are girls. Unemployment nationally is about 20 per cent, and some young people who obtain employment are able to do so initially only on a part time basis. Labour turnover is fairly stable.

A committee, which includes representation from employers' organisations and from the unions, has been set up by the Government to investigate and make recommendations on pay and conditions for part-timers. Minimum full time wages and holidays are to be set nationally as from March 1992, and part time work pay and conditions are to be pro rata. Decisions had still to be made on pensions and sick benefits at the time of the research visit.

# 3 The Supermarket: at Kells

## 3.1 Ownership, Management and Size

The *A* supermarket at Kells, a small town about 60 miles outside Dublin, is owned by a member who originally worked as a buyer for one of Ireland's largest supermarket chains. He left that company and opened his first shop as an independent in the days before the *A* group existed. In due course he joined *A*, and is regarded by the company as the most efficient and progressive of their owners: they call him 'Mr A'. He now owns three shops all under the *A* name.

Each shop has its own manager who has considerable autonomy in managing the store. The Kells manager described himself as 'having total control' on the business side.

The Kells store serves the town and surrounding area, and customers come from all social groups. There is one other competitor store in the town. The store is about 5,500 sq.ft. and annual turnover is over IR£4m.

## 3.2 Employment

Full time staff at the Kells store are as follows.

**Table 2**

| | **Number** | **Gender** |
|---|---|---|
| Manager | 1 | Male |
| Assistant Manager | 1 | Male |
| Sales Staff | 8 | Female |
| Storeman | 1 | Male |
| Butchers | 4 | Male |
| Delicatessen | 1 | Male |
| **TOTAL** | 16 | |

The number employed has remained stable over the previous three years.

Full time staff in general work from 9am to 5pm. Another ten part time employees work for the most part after 5pm in the evenings, to 7.30pm two nights a week and to 9pm another two nights, and on Saturdays and Sundays.

The great majority of part time staff are students of 16 plus still at school. One older woman is permanent working three days a week. This is an unusual arrangement. A third category of part time staff are new recruits of 16 plus who are hoping to obtain permanent employment with the store. They work only 20 hours per week initially on a one year contract and, if they prove satisfactory, gradually have their hours increased to 39, the full time number.

Permanent part time staff who work eight hours per week or more receive holiday pay and maternity leave.

### 3.3 Recruitment

Recruitment of staff is carried out by the manager with the assistance of a organisation which specialises in personnel and training functions. (See Section 4 for details.)

Sales assistants who work at the check-outs and also do shelf filling are recruited at the age of 16, usually on the provisional and part time basis described above. The manager is looking for "honest individuals who are presentable and have a smile", and who are well motivated.

Trainees for specialisms such as butchery are 17 or 18 and are expected to have the school leaving certificate. Management trainees are usually between 18 and 20 years of age, have the school leaving certificate, and in some cases have attended a two year vocational certificated course at the regional college. Trainee managers and specialists must be willing to attend college on a day release basis.

In practice sales assistant recruits are almost invariably female, while trainee managers and specialists are male. One female sales assistant has, however, recently taken advantage of company policy that any member of staff may attend college for training. Such training is necessary for individuals to progress beyond the basic grade.

# 4 The Competitive Environment

## 4.1 Introduction

The retail sector as a whole in Ireland was described as highly competitive. The experience was quoted of a major UK supermarket chain which tried to start operations in Ireland in 1982/3 and which quickly withdrew. It introduced the range of consumer choice offered in the UK, but underestimated the level of competition in Ireland. In 1987 the Government put a ban on 'under cost selling', but there was now a strong lobby to have this reversed. If that happened the large chains would go in for 'crazy prices' to attract customers, and the independents, including the company members, would not be able to compete.

Within this keenly competitive retail environment the company and their owner members have several strategies for maintaining or improving their market share. In support of their general policy of maintaining high standards of service, quality and hygiene they can bring in specific service or pricing policies to attract customers, capitalise on the role of the owner manager within the independents, and use training as a means of developing quality staff at all levels.

## 4.2 Service and Pricing Policies

High quality fresh food is an important part of the group's overall strategy. The ban on under-cost selling means that in practice all companies sell processed goods at the lowest price allowable, so profits must be made on fresh food. Delicatessens, bakery, fruit and vegetables, and butchery are the main areas. The quality of butchery skills in particular was said to make a great difference to profits. All recruits to these specialisms receive training and attend college on a day release basis. The company employs a fresh food adviser who visits stores on a consultancy basis; the store pays a fee to cover approximately half the cost of the service.

The wholesale company at headquarters is constantly on the alert to find ways of gaining the competitive edge over other retailers. The A delivery service was one such initiative. (The level of competition is illustrated by the fact that their main competitors soon did the same.) Another example is the policy of 'value added' introduced since the end of 1991 as a response to the continuing recession - for instance jars of coffee are sold each with a chocolate bar taped on to them, a duster is attached to furniture polish or toothpaste given away with a toothbrush. As long as the recession continued the company would continue to take account in this way of changes in customer purchasing power, and would be more cautious in expenditure on items such as shop fronts.

## 4.3 Role of the Owner Manager

The manager at Kells is in his mid twenties and has been at the store two years. Before that he was an assistant manager at another store owned by 'Mr A'. He hopes in due course to own his own store, an ambition which has been achieved by two of 'Mr A''s previous managers and who were helped by him to do so.

This policy on the part of 'Mr A' has the active support of the wholesale company through its area manager. The fact that independent stores are largely managed by their owners gives them a motivational advantage over managers who are part of larger companies. Many independent owners previously worked as managers in larger companies and obtained their training there. Larger independents may also recruit managers from the same source. When managers in independent stores have the expectation of themselves owning a store in due course they tend to be highly motivated. 'Mr A''s managers have total control of decisions within their own stores.

In addition to the fact that owners in general will be very dedicated to the success of their own business they usually have close links with their local community, and this is an approach the wholesale company is keen to encourage. In the case of the Kell's store the manager is strongly involved in local activities and takes every opportunity to make contacts. For instance he attends funerals - perhaps twenty a year - and in the case of a staff relative's death will organise the food for after the funeral. The store sponsors football teams, pantomimes and school events, has provided computers for the local boys' school, and the manager attends both local churches and takes part in events like the St Patrick's Day Parade. This range of activity and involvement is typical of an independent owner in a small town; according to the company area manager the same system could operate to some extent even within a Dublin suburb.

# 5 Training

## 5.1 The Wholesale Company's Training Provision

Training itself is an important weapon in the company's efforts to maintain competition with other parts of the retail sector. Potentially the independent sector is at a disadvantage compared with large chains which have the resources to run their own training departments. Membership of the wholesale company group provides training opportunities which most independent owners would not have the time or knowledge to organise for themselves.

The company itself sees the provision of training as essential to members' success in the retail market, and for this reason started offering it to members in 1989. The company makes its own assessment of stores' training needs as a result of contacts through area managers with owners and managers, and investigates the training on offer from various external training providers. When an area of training need has been identified they set up the course with a suitable training organisation, make hotel bookings and promote the course. Costs of administering training are met out of an advertising fee which members pay weekly and out of profits from sale of suppliers. The training fees are paid for by the members who use the training.

The first course which was offered, Customer Care in two stages, has been carried out in 90 stores, and there was also a course for owner managers. Considerable emphasis, whenever relevant, is given to the role of the check-out operative: bad manners at that stage can spoil all previous good impressions. The other type of training which has been used very widely is food hygiene training, which was carried out by the Irish Quality Association. More specialised training can also be arranged by the company: either the trainee spends time in a store which is expert on the particular aspect required, or an expert provides training in a store or for a group at a hotel.

Group *B* owners in particular find it difficult to release themselves and staff for training which is carried out away from their own premises, and it is usually uneconomic for trainers to go to the shop itself because the number of trainees is so small. Group *A* stores usually employ more people so training at the store may be feasible. One training organisation has recently experimented with running one and a half hour training sessions starting in the evening at 6.30pm. with attendance on a voluntary basis. Fifteen stores have achieved full attendance for courses in this way.

## 5.2 The Kells Supermarket - Training and Personnel Functions

In addition to being a member of the *A* group, the owner of the Kells store uses the services of another retail company which provides personnel and training services for his stores and four others. The retail company is itself a member of the wholesale company and makes use of training programmes developed by them.

The person in charge of training and personnel functions lectures on marketing and design at a local college, and works on a consultancy basis for the owners and managers of the retail stores which his company serves. He carries out the normal tasks of a personnel and training manager, working very closely with the owners and managers in order to meet the needs of their stores. For example he had a key role in the process which contributed to success of the Kells store in winning a national competition on hygiene. He provided basic training in hygiene and helped set up, chair and guide a Hygiene Quality Circle which met on a voluntary basis outside normal working hours.

In particular the personnel and training consultant advises on recruitment and training for trainee managers and specialists. Competition for trainee manager posts is fierce: early in 1991 300 18/19 year old men were interviewed for six places. The consultant sees the college course as crucial: trainee managers need to understand the concepts of management theory in order to be able to manage effectively in practice. The training programme also involves the trainee having experience in several different stores working alongside managers, owners and specialists with particular strengths. Managers also have access to further training in the form of attendance at a Dale Carnegie course in human relations, which takes place over 14 weeks one night a week.

The basic philosophy of the training consultant in collaboration with 'Mr A' is one of encouraging active participation of all staff in store development through training and discussion. The role of the manager in training is seen as crucial. One of the reasons for putting so much emphasis on the professional training of managers is so that they can train others.

## 5.3 The Kells Supermarket - Training Provision

Training at the Kells store is carried out either by attendance of individuals at the college of marketing, on a one to one basis from the manager, or on a group basis after hours.

An example of group training currently being organised was in first aid. The Health and Safety Act of 1991 stipulates that there must always be a trained first aider on the premises. With so much shift working the manager had decided it was best to train all permanent staff (including part time and recent young recruits) because the costs of training would be much the same whether one or all were trained. A trainer would come in to run the course one evening a week for two hours over eight weeks. On the basis of past experience he expected good attendance. The hygiene award had been won because everyone was involved and they worked as a team.

# 6 Factors Likely to Affect Occupational and Skill Needs

## 6.1 Information Technology

Scanning was started in *A* group stores in April 1991 and 50 stores were expected to be using it by the end of 1992. Stores would be able to make savings on pricing and labelling, and departmental information, so their profit margins would increase. Labour would be saved on pricing and these were expected to pay for the cost of employing someone to deal with management of the computer. Seventy per cent of suppliers were providing bar codes, and the company was putting pressure on others to do so.

Training is being provided in connection with the introduction of scanning. A team of five people goes into a store, and over a period of three weeks they instal the equipment, and provide training for staff in use of shelf edge tickets, price control and check out procedure. Training is also provided for owner managers on how to make best use of the system.

There were no difficulties in general in introducing scanning or in training staff for it. Youngsters were coming from school with knowledge of computers, and no difficulties were anticipated in training them. Some managers were coping better than others in making good use of the system, but the trainers would make return visits until they were satisfied a manager was competent. None had substantial problems.

Scanning had not yet been introduced to the Kells store, though soon it would be. The manager expected the additional information it would provide to make stock control easier, and he thought that the system might allow the check-out assistants more time to talk to customers. He envisaged that providing the training would be straightforward just in the way it had been when a hand held computer system was introduced to the store three years previously. Use of that system for checking prices had given all staff access to more information; he thought that this had improved motivation because it demonstrated management was being open.

## 6.2 Other Factors

The view of owners and managers is that within the highly competitive environment the company and its members faced, it was necessary for all staff to be ready to adapt to new ideas and methods. The retail sector was never static. The kind of innovations the company and its members would be likely to want to introduce would demand a good general level of training provision in order to keep staff performance and motivation high. Many of them would also require specific training packages.

Part of the company current strategy was to develop in-store departments where there was capacity for growth. The latest innovation of this type was to improve the selling of wine, and plans were being drawn up to help stores develop wine departments and to provide the necessary training for them. Similar developments were proposed for delicatessens and butchery.

# 7 Future Occupational and Skills Profile

Neither the company nor those responsible for development at the Kells supermarket envisaged any radical differences in the skills required of staff in the future. Employees were already coping satisfactorily with computerisation, which was expected to be a requirement of all staff in due course. On the whole managers were satisfied with the level of skills found in new young recruits to the sector and, with unemployment generally in the region of 20 per cent, there was no reason to expect recruitment to become more difficult in future. Overall there was confidence in the ability of employees to cope with changing conditions and, where necessary, to learn new skills.

The role of owner managers gave group members an advantage over their competitors in terms of personal commitment and community involvement. These motivational strengths could be expected to help them successfully through most future challenges. The greatest risk was that restrictions on under cost selling would be lifted. If this happened the company and their members probably would not be able to compete successfully in the kind of price war which might follow, and there would almost certainly be a loss of employment within the group.

In the absence of this disaster the *A* group and its members could expect to compete on comparable terms with the large supermarket chains. The success of individual members would probably be much influenced by their ability to make use of the training made available by the wholesale company to support overall quality of service.

# Italian Case Study

by

**Fiorenza Belussi**

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# 1 The Company

The case study company, is one of the largest Italian producers within the textile-clothing industry. The group's consolidated revenues in 1990 exceeded 2,000 billion lire (US $1,826 million) - see Table 1 - and the company has declared to the press that its revenues grew to nearly 2,300 billion lire in 1991. During 1990, more than 74 million items (apparel and shoes) were produced in 14 factories in Italy, France, Spain, the United States, Argentina and Brazil, under the company trade mark, for its own and franchising shops. (Table 6).

Industrial activity has been and remains a basic component in the realm of the company's diverse interests; however, the firm's original specialisation in the garment industry has been recently flanked by the production of shoes under the control of the family's stock holdings in another company and the recent acquisition of the biggest Italian firm specialised in the production of ski boots. Acquisition of 38 per cent of the stock of another famous company will allow the creation in the future of a new "sport pole" of about 1,000 billion lire of output.

The primary activity of the parent company, and its subsidiary firms, is the manufacture and marketing of woollen, cotton and denim casual apparel and accessories which are sold in more than 7,000 (6300 in 1990) specialised shops in almost 100 countries. The first shop opened in Belluno, Italy in 1968, and the Italian network was predominant throughout the 1970s. (Table 5)

The years 1983-84 represented a period of change. The internationalisation of the firm accelerated, and the international network of shops grew in importance. Italy now represents only about one-third of the total outlets. However, till now the expansion has been centred around European countries including France, Germany, Holland, Denmark, Sweden and the U.K. (Table 3).

Outside of Europe, the most important country clearly is the United States. There are more than 700 outlets in North America, recently developed. The group is continuing its expansion in the fast-growing Far Eastern markets, such as South Korea and Japan, and has acquired 50 per cent of the shares of another licensing company in Japan. Revenues in the Far East exceeded 200 billion lire in 1991.

The company has reacted rapidly also to the recent changes in the Eastern European countries. The first shop was opened in Moscow in 1989, and a major contract to establish a joint venture company was executed in 1990. This new venture has its headquarters and a plant in Armenia, and produces and distributes cotton clothing in the former Soviet Union. Plans call for more than 100 shops to be opened in this area by the end of 1992.

The company's sales are promoted by the creation of shops with the company name. In general, the company relies only on shops bearing the company's name to sell its products and does not sell to other outlets.

However, in the most "difficult" countries, especially those far from Europe, the company utilises the support of other firms well established in their markets. By the end of 1990, there were 16 licensing agreements to produce and market the company's apparel. In addition, there are about 30 licenses for a range of other products including cosmetics, toys, swimwear, eyeglasses, watches, stationery, underwear, accessories and household linens bearing the company name.

# 2 The Reconstruction of the Company's Production Cycle

The manufacture of finished articles from raw materials is undertaken primarily in Italy, partly within the group and partly using subcontractors. Marketing, on the other hand, is carried out through an extensive sales network both in Italy and abroad, a network consisting of sales representatives and specialty stores which are almost exclusively independently owned.

In the garment industry there are many variables that influence the organisational choices for business management. This implies a very articulated reality with large differences in the production cycles of individual firms. The model is quite original. In fact, the firm covers a relatively limited range of activity itself, but it organises a vast production system involving more than 50,000 employees. And indeed the increasing competitiveness of the model can be found in the particular forms of synergies realised both in manufacturing and in the retailing system.

The company represents a case of a "network" firm, with many actors involved in the system -- suppliers, subcontracting firms, sales representatives, and shops owners. The productive system developed by the firm since its origin is very similar to the Toyota "just-in-time" system, where many subcontractors cooperate in the realisation and sale of the product, and with production being pushed by demand.

Orders from shops are collected by agents and the production is customised. The company uses a "semi-programmed" production cycle where, at the beginning of the season, some standardised models are produced in advance, "al-buio", during the phase of the presentation of the collections; this involves thousands of models, from which nearly 5,000 basic items are selected. Then, as the season progresses, successful models are emphasised and unsuccessful ones are abandoned in order to achieve optimum scale economies. As production continues, productive programmes can sequentially reduce any uncertainty. Near the beginning of the season the company presents a "flash" collection which captures orders for the most fashionable articles.

Shops continue to place orders during the season, and their re-orders are filled rapidly: no more than two weeks will pass from the time the order is placed until the item arrives in the shop. Timing plays a central role in the success of the model. Everything is carefully organised and each step is performed with precision. With reference to the classical cycle of production, models of the company's articles are produced one year in advance of the time they will be sold in the shops.

At the robotised and automated warehousing, near the company's headquarters, all the raw materials and finished items are stocked. They are delivered through independent tracks distributors. The company's method of warehousing represents a significant technological innovation. The work-unit is not a "pallet" of similar items but a single package of items, organised for a given client. Orders and re-orders leave each factory labelled with all of the garments ordered for a single shop. Under the "just-in-time" system, no package remains for more than two or three days in the central warehouse.

The model reaches some innovative objectives, which seem to be:

- achieving greater flexibility in production;
- minimising financial investments necessary to exert control over determinate production activities;
- limiting disceconomies caused by giantism in labour-intensive activities performed in the factory;
- using decentralisation towards small firms to take advantage of reduced labour costs;
- organising in advance all sales activities and supporting shops with the advantage of a big organisation (advertising, selling technique assistance, financial credits, etc.);
- offering the advantages of a large organisation supporting marketing activities, including advertising, assistance in sales techniques, and financial credits.

The Family which owns the company (three brothers and one sister) holds 74 per cent of the shares. This legal entity partially owns the network of suppliers and subcontractors, as well as some shops.

## 2.1 Subcontractors

While such strategic activities as finance, planning, design, quality control, and marketing strategies are organised internally, many activities are performed by the other actors in the system. The company has long-term relationships with a group of suppliers, consisting of more than 500 independent firms (with about 20,000 employees), mostly located in the Veneto region around its headquarters. These subcontractors receive weekly orders from the company.

With respect to the operational cycle, the decentralised phases are:

- cutting (in part)
- assembling (entirely)

- knitting (in part)
- dyeing (in part)
- serigraphy (entirely)
- embroidery (entirely)
- pressing and ironing (entirely)

About 50 per cent of the contractors are engaged in the assembling phase, while 5-10 per cent are engaged in each of the other activities: cutting, embroidery, pressing and ironing. However, the number of subcontractors changes each season, in relation to the production plans. Except for those engaged in dyeing, which are larger, the firms usually employ 10-15 workers and engage in a single production phase. In order to gain the advantage of scope economies, the firms are always specialised by phase, product and raw material used.

## 2.2 Agents

Within the company system the distribution function is totally external. The retailing system is organised through a network of 80 agents with about 1,300 employees. An individual sales agent may supervise and hold an interest in a number of stores. They are not employed by the company but earn a commission of about four per cent of the factory sales of goods sold through their retail outlets. This commission is in addition to their share of profits of any stores in which they hold ownership shares.

Sales agents present the collection to shop operators in their area, and collect orders for the initial season, helping the retailers to re-order the best selling items. These operations are performed through a very sophisticated information technology network. Information on orders is sent to the main company computing centre, where production plans can be optimised. Most of the employees of the agents are engaged in two activities: Nearly 600 work for the presentation of the collection and visit the shops for taking the orders, while approximately 500 others are engaged in control and service activities in relation to the shops.

Agents play a vital control function for the whole system, providing information on fashion trends to the retailers, suggesting the best ways to embellish the windows, and ensuring that only company goods are sold in the shops.

## 2.3 Company Shops

Both the company shop and the retailing system can be considered fundamental company organisational innovations. The structure is now an impressive international chain; however, it is relatively young and informally regulated (ie through informal franchising agreements). The retailing system has been modified over time, and different patterns of ownership exist. In the first period of the company's growth, the interest of the family was focused directly on the retailing area. Later on, they disinvested their capital from this business area in Italy and shifted it to foreign countries.

Every time a country is "conquered", they tend to disinvest from it to launch themselves in new adventures. There are now few shops owned directly by the company in Italy, while in other countries the share of shops owned by the family, or by the holding group, has risen. One can conservatively estimate that the family own ten per cent of the total shops. The ownership of shops is quite concentrated, so in fact agents deal with no more than 800 subjects.

More than 30,000 people work in the shops. In the most central parts of large cities, such as Milan, a shop can have as many as 15 workers. Usually, however, they are much smaller. A typical shop would have a director and two or three shop assistants.

The company or its agents choose the sites for the shops with great care, looking for the most prestigious locations, and often ending up with four or five shops on the same street. This is done to increase the "internal" competitiveness; for example, in terms of the quality of service offered to the client, or the fashionable style of window presentations, or again to increasing the range of products that each shop director, pressed by competition, would be forced to keep.

Each shop represents "the flag" of the company and a tool for spreading its advertising messages. In order to provide a unified image, all shops are standardised, in terms of furniture, space design, lighting systems, and colours (in four versions, adaptable to different needs). An original invention has been to abolish containers of products. Items are displayed on open shelves, which serves also as warehousing.

The organisation and labour costs, as can be observed from Table 4, are much lower than in other typical clothing shops. Compared to other retailers, the profit rate is much higher because the shop organisation is less expensive.

The space is small and there is no separation between client and shop assistant. Sales personnel are always 'attractive women 17-20 years of age'. There is no division of labour among them, and each shop assistant may, from time to time, open boxes of merchandise, reorganise products on the shelves, serve as the cashier, and finally, clean the shop floor at the end of the working day.

Many shops have recently applied a laser pen which reads labels automatically. However, this is not destined to change dramatically the content of work of shops assistants, but it will increase the speed of the process. There is then to note that in group of shops, owned directly by family, the cash register has long been connected to the central headquarters in Ponzano to assist in making some estimates of fashion trends, directly extracted by the information on items sold.

Both in Italy and abroad, the company imposes the price of each item on the retailers, thus reducing the need for the director shop assistants to label the goods. Part-time staff are employed for peak hours - the last hours before the closing and on Saturdays. At least as regards Italy, this approach is not used to circumvent labour regulations.

Because the shops are formally independent, workers are not unionised, but the official labour regulations are observed and in general there is a good relational climate between the shop assistants and the director (or the owner).

This is, of course, an important part of the company culture of creating a co-operative relationship among all actors involved in the system. The performance of workers, but also that of shops directors, is supervised by the people working for the Agents. An agent can suggest some modifications in the organisation of a shop and even the dismissal of the director. In case of a dispute, the last word is always that one of the owner, but suggestions are generally taken into account.

# 3 Employment Trends and Plans for Future

It is very difficult to estimate the overall occupational structure involved in organising the retailing system. The "core", which is formed by people employed in the group, plays an important role more in dealing with the strategic functions of general planning and above all in controlling the productive sphere and the firm's strategic forecasting. Also finance is largely centralised. At the headquarters there is a relatively small number of people who deal directly with retailing: the department called "commercial structure " consists of 60 employees and a few managers (see Table 7).

The man who founded the company is directly involved with the expansion of the network of shops, and is responsible for conceiving the strategic plans of growth - new countries, new agents, new acquisitions. He makes many of the strategic decisions in marketing.

There is then to consider all logistic activities (movements of stocks, warehousing, delivery staff, etc) which do not require more than 90-100 workers. All functions are highly automated, and it is impressive that 74 million items were moved last year by such a small group of people!

If we consider the internal occupational structure (Table 2) only about five per cent deal with the retailing function, and out of 1,300 white collar workers and managers only 12 per cent work in the distribution function. Even if we calculate the indirect work provided by the structure's own agents (as noted above, about 1,300 people), they represent scarcely two to three per cent of all the induced employment that we have estimated above (50,000).

Clearly, in such a system, the weight of supervisory and administrative staff is reduced thanks to the possibility of control allowed by "information technologies", the delegation of the tasks given to people, and (note that here we find a particular feature of the system) the use of internal and external entrepreneurship. This is true both for the productive sphere and for the retailing system.

In fact, all the network of shop directors and agents derives from ex-employees, who have been more and more involved in the business, and promoted from the bottom-up. Labour turnover is therefore very low, and the internal labour market provided the skills needed by the firm in order to expand its influence. This system is held together by relationships of trust and a sense of duty. All agents are also personal friends of the founder and up to now there are no cases registered of people that have abandoned the system. Very often the shop directors are former shop assistants that have gained experience in their jobs. So, and this is striking, no formal training is organised by the agents for the shop directors or assistants.

Newcomers work side-by-side with more experienced workers, and after two or three years they will be ready to manage a shop. Some of them will even be able to reach the position of agent for a particular area. Considering the fast growth of the company since its establishment, large opportunities have been opened up for the workers. However, as explained during our interviews with personnel managers, some general training is organised internally for employees.

The impact of new technology has been central to the trend of development of the company's activities. The company was the first firm in the fashion world to adopt an information data base system, later on developed by others as EPOS. But the implementation of new technologies in retailing in the clothing sector seems unlikely to continue to change very much. The company structure has been created based on a new organisation of the garment production cycle, and on the novelty of the application, within the clothing industry, of a franchising system which allows a producer to control its market.

In future the real revolution will be represented by the possibility for the client to order ad-hoc garments, created in a few hours, using an elaborated system of orders-collection/CAD-CAM, as Toyota is beginning to do with automobiles. But this is still a dream, even for the most innovative Italian producer of the textile-clothing industry.

**Table 1 Group Indicators (billions of Lire)**

| | 1988 | 1989 | 1990 |
|---|---|---|---|
| Total Revenue | 1,475 | 1,657 | 2,059 |
| Gross Margin | 562 | 571 | 745 |
| Selling & General Admin Expenses | 322 | 345 | 479 |
| Income from Operations | 240 | 225 | 266 |
| Net Income | 130 | 115 | 133 |

**Table 2 Employment Trends**

| | 1985 | 1986 | 1987 | 1988 | 1989 |
|---|---|---|---|---|---|
| Blue-collar Workers | 1,117 | 935 | 1,100 | 1,940 | 1,745 |
| White-Collar Workers | 503 | 571 | 886 | 1,121 | 1,262 |
| Managers | 21 | 31 | 47 | 119 | 127 |
| **Total** | **1,641** | **1,537** | **2,033** | **3,180** | **3,134** |

## Table 3 Information by Geographic Area

| | Italy | Europe excl. Italy | Americas | Other Countries |
|---|---|---|---|---|
| **1988**<br>Net sales and other revenue | 641 | 702 | 236 | 35 |
| Operating profits | 111 | 115 | 16 | |
| Identifiable assets | 1,328 | 208 | 41 | 27 |
| **1989**<br>Net sales and other revenues | 665 | 672 | 222 | 96 |
| Operating profits | 120 | 99 | -- | 6 |
| Identifiable | 1,618 | 338 | 1,032 | 8 |
| **1990**<br>Net sales and other revenues | 750 | 820 | 220 | 268 |
| Operating profits | 147 | 143 | | 10 |
| Identifiable assets | 1,559 | 334 | 48 | 14 |

## Table 4 An Analysis of Costs and Profits for a Typical Shop, and Comparisons with Competitors

| | Typical Company Shop | Shop of European Competition | American Specialised Chain Store |
|---|---|---|---|
| Annual Sales in $ | 150,000 | 150,000 | 400,000 |
| Selling Space (in sq ft) | 400 | 1,200 | 2,000 |
| Storage Space | --- | 300 | 150 |
| Initial Margins, as a % of Sales Prices | 44% | 50% | 52% |
| Realised Margins, as % of Sales Prices | 39% | 45% | 44% |
| Medium Price for Unit in $ | 30 | 40 | 55 |
| Employee Hours for Week | 90 | 200 | 230 |
| Selling Hours for Week | 45 | 45 | 76 |
| Average Store Inventory, at cost $ | 30,000 | 50,000 | 95,000 |
| Expenses Category as % of Sales: | | | |
| - cost of goods sold | 61% | 55% | 56% |
| - labour | 14% | 29% | 22% |
| - rent | 5% | 7% | 5% |
| - other | 8% | 6% | 8% |
| - (profit) net | 12% | 3% | 9% |
| Source: Harvard Business School, ISTUD, 1985 | | | |

## Table 5 Number of Shops

| | 1968 | 1982 | 1985 | 1990 | 1991 |
|---|---|---|---|---|---|
| Domestic | 1 | 1,165 | 1,393 | --- | --- |
| Foreign | --- | 752 | 1,967 | --- | --- |
| **Total** | **1** | **2,917** | **3,350** | **6,300** | **7,000** |

## Table 6 Indicators of Growth - (millions)

| | 1978 | 1984 | 1989* | 1990* |
|---|---|---|---|---|
| Items sold | 6 | 35 | 62 | 74 |
| Number of models | --- | 1,200 | --- | 5,000 |
| Expenditure for advertising (billions of Lire) | --- | 20 | --- | 90 |
| * apparel and shoes | | | | |

## Table 7 Occupational Structure of the Distribution System (1991)

| | Number of Employees |
|---|---|
| **Internal** | |
| Distribution (internal employment) | 60 |
| Logistic (internal warehousing) | 90 |
| **Agents** | |
| Agents | 80 |
| Agents' organisational structure*: | 640 |
| - collection presentation and orders collection | 480 |
| - shops assistance & control | 320 |
| - administration | |
| **Total** | 1,340 |
| **Shops** | |
| Directors of Shops | 7,000 |
| Workers | 24,000 |
| **Total** | 31,500 |
| * Our estimations | |

# Northern Ireland Case Study

by

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# 1 The Company

## 1.1 Background and Structure

Situated in Derry, Northern Ireland, and trading since 1839, this independent company was the first department store in Ireland. It was owned by one family until 1976 when the present owner and managing director took over. It operates on one site in the city centre, floor space currently being 23,000 sq.m. There are 71 employees including the managing director who acts as general manager, plus a few people employed by franchises operating in the store.

The company is a member of a buying group which services family 600 stores, the biggest in the UK. In addition to providing lower prices, which helps member companies to compete with the multiples, it provides access to samples of merchandise before purchase, information about turnover within the group, and display materials at a saving. Approximately one third of merchandise comes from this source.

## 1.2 Recent Developments

Since 1976 there has been regular upgrading of the store's facilities and physical condition. During the 1980's a number of franchise operations were introduced, including a travel agency as well as the kinds of fashion and cosmetics goods traditionally associated with a department store. However, management have recently decided to reverse this policy because they are concerned that they cannot control the quality of service offered within the franchise areas.

A large proportion of the region's consumers are poor by UK standards. Following market research in 1987 which showed that customers did not think the company competitive on price, a refund policy was instituted for any type of goods a customer had found offered at a lower price in the same locality. A policy was also instituted of increasing the proportion of goods which were lower in price than those of competitors - actually 60 per cent at the time - to 75 per cent. Currently most clothing on sale falls in the middle price range. The company is introducing a range of good quality clothing in a lower price range, and intends in general to extend the number of lines at lower prices.

The main focus for improving the company's competitive edge at present is through a substantial investment in training, with the overall aim of producing very high standards of personal service. This programme was begun in May 1990.An improvement in sales performance is dated from the start of the initiative to improve personal sales service through training.

The current recession has not had much impact within a situation of long term high unemployment and underdevelopment. "The recession started in 1922."

## 2 Occupational Structure and Numbers Employed

The majority of employees work on the sales floors as salespersons, youth trainees, supervisors or departmental managers. In addition there are catering staff, including youth trainees, for the in-store restaurant, and managers, accountants or clerical workers within the administration. The managing director takes responsibility for public relation and marketing. Services such as window dressing and cleaning are bought in on contract.

Over the period 1987 to the present there has been a small and steady increase in the number employed, from 60 up the present total of 71. Within the group of basic grade sales staff there has been a reduction in the number of part-timers and an increase instead in the number of youth trainees. See Table 1, below. The one male manager is the managing director.

**Table 1 Numbers Employed in 1987 and 1991**

| | 1987 | | | | 1991 | | | |
|---|---|---|---|---|---|---|---|---|
| | Full time | | Part time | | Full Time | | Part Time | |
| | M | F | M | F | M | F | M | F |
| Managers | 1 | 8 | | | 1 | 12 | | |
| Supervisors | | 4 | | | 2 | 7 | | |
| Sales Assistants | | 8 | | 4 | | 7 | | 3 |
| Sales Youth Trainees | 1 | 2 | | | 2 | 6 | | |
| Catering Staff | | 10 | | 6 | 5 | 7 | | 6 |
| Admin & Clerical | | 6 | | | 1 | 8 | | |
| Casual | | | 3 | 7 | | | 3 | 1 |
| **Total** | **2** | **38** | **3** | **17** | **11** | **47** | **3** | **10** |

Eighty per cent of current employees are women compared with 92 per cent in 1987. The high proportion of the increase in the number of men involves youth trainees in sales, and also in catering (not separately shown).

At present 13 employees are part-time or casual, i.e. 18 per cent compared with one third in 1987. The part-timers at both dates are women, but whereas casual staff included women in 1987 now only three men are employed on a casual basis.
There is virtually no ethnic minority population in the area and thus none employed. The local issue is religion rather than race. The company employs 70 per cent Catholics and 30 per cent Protestants, very close to the distribution of these two groups within the population.

There is no recognised trade union or staff association.

# 3 Recruitment

## 3.1 Traditional Sources

Traditionally employees have been mainly school leavers and women returners, many of the latter employed in a part time capacity. The majority of employees have had few or no academic qualifications and often no career aspirations. However, the majority of departmental managers and supervisors started as sales assistants within the company.

In an area of high unemployment there have never been severe recruitment difficulties, though there have sometimes been concerns about the quality of performance. Before the current Youth Trainee programme existed individuals who were thought to have potential were encouraged by the company to undertake further study and to work for academic qualifications. Two people eventually got degrees.

## 3.2 Current Arrangements

The company's use of the Government's Youth Training programme began in the early eighties when the scheme first became available. Originally an external organisation which managed the programme for various sectors took main responsibility for the trainees, who were placed with the company for work experience. The same organisation also arranged off the job training for the trainees one day a week at the local college.

At this time the company usually had only two or three trainees in sales. In due course it became dissatisfied with the quality of the trainees and their motivation to work in retail. In particular the off the job training provided at the local college appeared to be meeting neither the trainees' nor the company's training needs. So in 1990 the company decided to become a training organisation for the provision of youth training in its own right. At the same time it decided to would gradually increase the number of trainees in place of regular part time staff.

Under current arrangements all young people who join the company do so as youth trainees. A contribution towards the costs of training is made by the Government. The store acts as a 'managing agent' for the organisation of such training, which involves recruiting trainees, finding them suitable work placements for their on-job training - four days a week - and organising off the job training, which must be available to each trainee for one day a week. Currently the company has 17 trainees - in catering and clerical areas as well as sales - placed within the store, and at any one time is responsible for between 50 and 60 others whose placements are in other organisations. The company is itself providing all the off the job training for both in and out of store retail trainees.

The decision to take on trainees in place of part-timers was influenced by a desire to improve the quality of service. There had been shortcomings in the standards of service provided by part-time staff, especially those employed only on Saturdays. While trainees each work only four days a week, as a group they can cover Saturdays as well as week days. Moreover, the fact that they are receiving training and, if they do well, will in due course be taken on as full time staff improves their motivation and performance. The fact that supervisors are for the most part recruited from among basic sales staff provides trainees with the prospect of possible further career progression in due course and thus develops their aspirations.

# 4 Training Provision

## 4.1 Past Arrangements

While the company has always taken training seriously, most of it before the advent of the Youth Training programme was done on an informal basis and on the job. The company's involvement in the programme, and in particular the fairly recent decision to take full responsibility for it in house, coincided with the recognition that they should put more emphasis on personal service and that this would required a more structured programme of training.

## 4.2 The Retail Certificate

Since May 1990 the store has been a recognised training centre for delivery of the National Retail Training Council's (NRTC) Retail Certificate, Levels 1 and 2. This is a competence based qualification which has been approved by the National Council for Vocational Qualifications (NCVQ), an organisation set up by the UK Government to reform all vocational qualifications within the UK.

The main characteristic of qualifications approved by the NCVQ is that they are closely related to the conditions under which the relevant tasks are performed within employment. Achieving a particular qualification depends on the candidate's being able to perform a series of tasks each to specific standards laid down in the form of 'performance criteria'.In the case of retail, units of competence cover key areas of retail performance such as customer contact, stock replenishment, and payments handling and processing. An outline of the requirements for the qualification being used by the store is shown in the Appendix.

## 4.3 Training and Assessment

Much of the training required to ensure that a trainee can meet the Retail Certificate's performance criteria has to be done on the job and for the most part is the responsibility of the trainee's supervisor. Assessment of trainees' ability to perform to the required criteria are also carried out on the job by members of staff who have received training for that purpose.

The company also organises and provides training off the job to help develop trainees' knowledge and understanding of the principles on which practice of retailing are based. For instance, trainees from different departments and from placements outside the store are encouraged to compare how the job is done in different settings. Off job training also deals with personal development and general communication skills.

The company welcomes the opportunity to train young people from outside store, both because trainees from a diversity of retail environments can learn from each other and extend their understanding of the sector, but also because this broader experience will improve their employability.

## 4.4 Extension of Use of Retail Certificate

Initially training for Level 1 of the Certificate was introduced for the youth trainees only. The scheme was so successful in terms of trainees' progress and enthusiasm that it was decided to make it available to regular employees. The training department first offered it to six employees, but soon found others were asking to take part. Eventually it was made available to everyone, and by October 1991 all staff, including the managing director, achieved Level 1 of the Certificate. Training has started for level 2 and the plan is to make that available to all staff also. Levels 3 and 4 are at supervisory and managerial level, and will become available from NRTC shortly.

The managing director and the personnel manager say that the training and qualification scheme has increased confidence among staff and also levels of ambition. They are particularly pleased with the good response it has received from employees who have few or no previous qualifications and who traditionally would not have been regarded as having career potential. The fact that a person has shown him/herself capable of achieving a national qualification in itself is a powerful motivator. Senior management are aware that employees they have trained will have improved chances of employment in management positions outside the company, and are content that this should be so: it is right that the company should contribute to the general level of skills and competence in the locality.

It seems very likely that part of the scheme's success is because all levels of staff, including the managing director, managers and supervisors, have taken part. This will have increased the status of the training on offer. Management and the training department have encouraged the feeling that training is a shared activity of relevance to everyone.

## 4.5 Training for New Technology

Tills which record sales information are already in use, and managers have received training in order to make use of the information provided. The company is currently exploring the possibility of introducing EPOS (electronic point of sales system) and expect to have to provide training for all users, with particular attention to stockroom staff.

There is an experienced member of staff who will manage and provide that training. There are no doubts about the ability of employees to learn how to use computerised systems. Those from the Youth Training programme will already have received 40 hours general training in computer applications and have the opportunity to achieve a relevant nationally recognised qualification.

# 5 Future Occupational and Skills Profile

While the introduction of EPOS will require all employees to be capable of operating computerised systems, and more emphasis will be placed on the ability of management to make use of the additional information the system will provide, these skills modifications are thought to be within the capabilities of existing staff and hence of new entrants with a similar background.

Thus job descriptions and recruitment patterns are not expected to change significantly in future, and training provided by the company will be used to develop the skills and attitudes the store requires to implement its philosophy of personal service.

Because of the effectiveness of training introduced under the Youth Training programme, youth trainees will continue to be the main source of recruitment. It seems unlikely that demographic trends will restrict the number of young people available given that high levels of unemployment are unfortunately expected to continue for the foreseeable future.

If older people are recruited they will in future be given two days' initial training, and will also take part in the store's training programme once they are in post. Supervisory and management staff will be developed making use of Levels 3 and 4 of the NRTC Certificate.

Whatever the sources of recruitment, willingness to undertake training and work towards qualifications will be made a condition of employment. This will both improve the overall level of performance within the store and raise the level of employees' ambition and motivation.

# Spanish Case Study

by

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# 1 The Company

## 1.1 Background and Structure

The company is a family owned chain of supermarkets with 51 outlets in Barcelona and other parts of Catalonia. It is a joint stock company, and turnover in 1991 was 26, 375m.ptas. Founded in 1959 as the first supermarket in Catalonia, by 1990 it was ranked number 23 within the first 500 firms in the Spanish retail sector. The main emphasis of the company's marketing policy is on excellence in the supply and presentation of fresh products, that is of meat, fruit and vegetables, fish and bakery products.

The highest concentration of outlets - 42 - are in Barcelona where the headquarter offices and warehouse are also situated. The majority of outlets have a floor space on average of about 500 sq.m. More recently opened stores in this category are, however, larger than this. In addition there are two other very large stores of more than 2,000 sq. m. each, which in Spain are counted as hypermarkets.

There are more than 1,500 employees. Pay and conditions are set by a national collective agreement to which the firm subscribes.

## 1.2 Recent Developments

By 1986 the company had 39 supermarket outlets. Expansion has been somewhat faster since that date, and has included the opening of the two hypermarkets.

Hypermarkets were first opened in response to competition from other retailers in large out of town shopping centres and, because of their success, three more are to be opened in the near future, one of around 5,000 sq.m in Barcelona and two of around 3,500 sq.m. each in other towns. The popularity of hypermarkets is thought to be their convenience for working women who can shop for a large range of products very quickly. Prices are very competitive with those charged in small shops. Long opening hours - from 9am to 10pm - are also thought to be an attraction for this group of customers.

Whereas the company thinks that traditional shops are on their way out, they intend to continue with their smaller supermarkets, for which they think there is still a market. They plan to keep future hypermarkets within the 5,000 sq.m. range in order to maintain a somewhat closer relationship between seller and buyer than would be possible in outlets even larger than this.

Scanning and a computerised ordering system have been introduced over the past five years. The central warehouse system is almost completely automated, and virtually all cash desks throughout the company have scanners. Orders are managed by a central computer, and the time from ordering products to their arrival in an outlet is very short. By March 1991 the company was number six nationally in progress towards the introduction of scanning.

# 2 Occupational Structure and Numbers Employed

## 2.1 Company Organisation

Originally the company had three founders. One has since departed, but the other two are still its directors, one in charge of general management and the other in charge of financial management.

At the same time as the expansion and technological changes just described were made the company rationalised its management functions. Within headquarters the human resources and training departments come under the general manager. Also under him there are ten purchasing managers, who include: one for perishable products who in addition to their purchase manages the supervisors of fresh product departments; one in charge of equipment and its installation and the opening of new outlets; another who purchases products from other countries; and one for purchase of non-food products such as cleaning materials, chemist's goods and cosmetics.

Four managers based at headquarters and reporting to one senior manager share responsibility for supervision of the supermarkets, and each supermarket has its own director or manager.

## 2.2 Numbers Employed

Total numbers employed in recent years, including those at headquarters, are shown in
Table 1.

**Table 1 Total Numbers Employed 1986 to 1991**

| Year | Number Employed |
|---|---|
| 1986 | 521 |
| 1987 | 718 |
| 1988 | 824 |
| 1989 | 1,000 |
| 1990 | 1,200 |
| 1991 | 1,550 |

Of the 1,550 shown for 1991 between 200 and 250 staff are employed at headquarters. In addition to headquarters managerial staff the majority of these are warehouse workers, drivers and clerical staff.

Staff within the supermarkets are employed with the job titles and in the numbers shown in Table 2.

**Table 2 Numbers Employed Within Supermarkets 1991**

| | |
|---|---|
| Managers | 51 |
| Specialists | 370 |
| Apprentices to Specialists | 78 |
| Cashiers | 297 |
| Shelf-fillers | 480 |
| **Total** | **1,276** |

Supervisory staff among specialists, cashiers etc. are not separately recorded.

## 2.3 Employment of Women

In the past the firm had a preference for employing men, partly because of maternity leave and also a belief that women would have a higher rate of absenteeism. However, by 1986 one quarter of employees were female, and the proportion is now 50 per cent: Table 3.

**Table 3 Gender Distribution, 1986 to 1991**

| Year | Males per cent | Females per cent |
|---|---|---|
| 1986 | 75 | 25 |
| 1987 | 70 | 30 |
| 1988 | 67 | 33 |
| 1989 | 60 | 40 |
| 1990 | 55 | 45 |
| 1991 | 50 | 50 |

While women have steadily been employed in greater numbers, there are few at management level. For instance in 1989 there were only four women employed at this level in headquarters. Men traditionally had also always predominated in the fresh produce departments because it was thought that the job required physical strength beyond the capacity of women. Women have recently started to do these jobs and have shown that job performance is similar regardless of gender.

One of the reasons given by senior management for the increase in female employees is that it has become increasingly difficult to recruit for supermarket work; as people become more educated they prefer other types of work. Women, however, are still willing to work in the retail sector.

## 2.4 Employment Status

The only people employed on a part time basis are those who work just at weekends: about 30 employees in total. Everyone else works a full time week.

About one third of employees have a permanent contract. The remainder are classified either as temporary or as being on an apprenticeship or training contract. There is a reduction in taxes for the firm in respect of those on an apprentice training programme run under arrangements set by INEM, the National Institute for Employment.

Foreign workers have occasionally been employed as cashiers during holiday periods and in holiday resorts, mainly because of their knowledge of other languages. The Spanish Constitution forbids discrimination in employment on grounds of race or sex. Nonetheless company policy is not to employ coloured people, on the grounds that customers would object.

## 2.5 Employment in One Outlet

Details of employment in a supermarket in a well to do suburb of Barcelona illustrate the typical pattern of employment within the company: Table 4.

**Table 4 Numbers Employed within a Typical Supermarket**

| | |
|---|---|
| Store Manager | 1 |
| Assistant Managers | 2 |
| Specialists<br>(Grocers<br>Greengrocers<br>Bakers<br>Butchers<br>Fishmongers) | 19 |
| Cashiers | 9 |
| Shelf-fillers | 9 |
| Home Delivery Drivers | 7 |

|  |  |
|---|---|
| **Total** | **47** |

The store manager and the assistant manager draw up their recommendations on purchasing subject to approval from headquarters. Within the store the manager has freedom to oranise the work and direct the employees. Those in charge within the different specialist departments - butcher's, fishmonger's etc. - refer to the store manager on matters such as staff management, recruitment and shifts. Decisions on sales and other professional aspects are made by them and under the supervision of the company manager for their specialism based at headquarters.

Male and female employees are about half and half, though all shelf-fillers and drivers are male.

The educational level of most employees is the certificate of primary schooling. Some have also completed the 'first cycle of vocational training' at vocational training school. All specialists receive professional training when they join the company as apprentices.

# 3 Recruitment

## 3.1 Basic Grade Jobs and Apprenticeships

Recruitment for most positions is the same as that used traditionally in Spain. The company keeps a list of people who are interested in applying for a job, compiled from those who have contacted the firm directly and also the names of existing employees' friends and relatives who have been recommended by them.

In the case of basic grade positions the company is interested in the applicant's appearance and his/her ability to communicate and interact with others. The majority of those applying are teenagers who have completed primary school education. Many of those applying for warehouse positions or shelf-filling jobs have not done well at school and are not considered suitable for further education.

More care is given to the selection of those applying to do specialist training apprenticeship under the scheme supported by INEM (National Institute for Employment.) They will normally have completed the first cycle of training between the ages of 14 and 16 at vocational training school.

## 3.2 Specialist and Managerial Positions

Where possible specialist and managerial posts will be filled internally, but if there are no suitable applicants the company will contact employment bureaux or training establishments. Selection is based on an interview which covers such subjects as the applicant's expectations, his or her level of self esteem, ability to adapt to the company's culture and mode of operations, and his or her views about future prospects within the copmpany. Decisions about promotion include recommendations about re-training in the light of courses which are available within the company.

In the past employees were promoted to the position of store manager on the basis of seniority and commitment to their work. Now potential store managers are expected to have received appropriate training in retail and management.

Promotion to assistant management posts is often given directly to an existing employee. Here a critical need is the ability to work efficiently under pressure, because at some periods of the year the pace is very intense.

# 4 Training

## 4.1 Organisation of Training

Until 1989 the company relied on external training providers, but at that time it set up a training committee to organise training internally and to integrate it with relevant external training provision. The company now employs three training officers full time and three part time.

When the firm started doing its own training in 1989 it was provided just for employees on apprentice training contracts under the programme for school leavers run by INEM. The company is required as its part in the contract to provide theoretical training. This is done on a self study basis and carried out within the workplace under supervision. The method is thought to be very successful for motivating trainees.

The company continues with that programme, but since 1989 has extended training both to other groups of employees who need training in order to qualify for promotion, and to other categories of new recruits. Details are given below.

## 4.2 Identification of Training Needs

Training is planned by reference to forecasts about new supermarket openings, forecasts of employment growth and estimates of staff turnover. The numbers of employees of different types required for each workplace are calculated on this basis, as are the number of training places required.

The company's training staff identify the training needs of different groups, draw up training objectives and programmes, and prepare the teaching materials. Each store manager recommends individual employees for the courses which are offered.

## 4.3 Specialist Courses

The need to increase the numbers of specialists was first identified in 1985, and at that time training was provided by an external organisation. Courses now run in house are provided for each specialist area, for instance butchery, greengrocery etc. Off job training courses last between 250-300 hours, and the trainee also receives practical instruction from a member of staff qualified in the specialism.

Off the job course content includes general background information about the history and structure of the firm, its culture, and the characteristics of self-service retailing. It also covers in detail the different types of fresh products and their preparation. This information helps the trainee decide on his or her area of interest, and in many cases the trainee has a choice about the specialist area to be followed. Further training is then provided.

Courses are also run for cashiers and on computer applications.

In 1989 training was provided for 221 people in these categories; by 1991 481 were involved. Table 5 gives the details for 1991.

**Table 5 Numbers of Courses, Hours and Trainees in 1991**

| | Courses | Hours | Trainees |
|---|---|---|---|
| Occupational training: | | | |
| cashiers | 7 | 1,510 | 106 |
| salesmen | 9 | 2,600 | 134 |
| apprentices (INEM) | 2 | 416 | 28 |
| New technologies for professionals: | | | |
| butchers | 2 | 24 | 10 |
| pork products | 3 | 36 | 30 |
| fishmongers | 3 | 36 | 21 |
| fruit & vegetables | 2 | 24 | 16 |
| human relations for cashiers | 2 | 48 | 28 |
| **Total** | **40** | **5,124** | **481** |

## 4.4 Management Training

Training is provided internally for employees with management potential with a view to their promotion to assistant manager or store manager. Courses are formal and lead to qualifications, and employees attend on a regular basis. All such courses are given during working hours at the company's headquarters.

Senior managers and directors are eligible to attend external courses run by business schools, and board directors attend language courses.

## 4.5 Vocational Training for Retail in General

The company is concerned about what they see as in adequate opportunities for people to train for the retail sector in general. In an effort to improve such provision it has taken part on an experimental basis in collaborative programmes with two external vocational training schools.

In one case the company provides students with practical work experience while the vocational training school runs the theoretical programme. However, the company managers have come to the conclusion that the the content covered by the training school is more relevant to the general subject of marketing than to training needs in the company's own retail environment.

The company has also supplied two training staff for the training programme being run by another vocational school. However, the results were again disappointing because most of those who joined the course were more interested in continuing their university studies than in getting a job in the retail sector.

Their aim now is to work with other employers through the chamber of commerce to achieve the setting up of an external training school for professional training for all types of retail jobs. It is essential in their opinion that the training which is provided properly meets the practical needs and requirements of the retail sector and the conditions which prevail there. They expect the establishment of the European Single Market to make training more urgent in general, but in particular to be necessary for retail professionals.

# 5 Factors Likely to Change Occupational and Skill Needs

## 5.1 New Technologies

The introduction of automated warehouse facilities suggests that the job of warehouse assistant will change, and that new recruits will be required to know how to operate computer systems.

New techniques are envisaged for the preparation of food, for instance in food preservation, for pre-cooking, and the use of power saws. However, none of these is expected radically to alter the nature of specialists' jobs which it is company policy to maintain basically as they are. Government initiatives on such subjects as health and safety may require some changes in procedures but are unlikely to affect the jobs themselves. Nor will there be a change towards pre-packaging of fresh food products.

## 5.2 Customer Service

Instead the emphasis will continue to be on direct selling, providing products to meet the customer's request at the time of service. The company sees it as more appropriate to stress the quality of communication and contact with the customer than to rely directly on new technology for improving sales.

## 5.3 Organisational Changes

Recent changes have affected the store manager more than any other group. In the past purchase and sales policy for the company as a whole was highly centralised, and the store manager carried out tasks in accordance with central directions. Now there is a trend towards larger stores and more emphasis on the different departments within the store. At the same time the manager will be expected to take more responsibility for decisions affecting the store.

# 6 Future Recruitment and Skills Profile

Changes affecting warehouse staff will require new recruits to be computer literate, and this may require the content of vocational schooling to be changed. In due course shelf-fillers' work may also be automated and reduce the numbers employed in that capacity.

In the case of other jobs which are subject to change the company expects to be able to meet any new skill requirements through re-training. For instance the increase in responsibility for store managers will require them to be more independent and autonomous. New training is being planned to help develop an appropriate professional approach.

The job of specialist staff selling fresh produce will not change, but more emphasis will be put on customer service skills. It will be necessary to provide more training on human relations and communications, and also to train staff for the highest standards in hygiene and safety.

Because the company sees the performance of these specialists as crucial to its success, training for them both internally and externally will be treated as a priority. Not only do they wish to contribute to the setting up of a suitable retail vocational training school, as already discussed, but they would like to see the status of these occupations raised. They themselves are willing to take part in activities to promote greater awareness among the public of the role of these professionals.

# United Kingdom Case Study

by

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# 1 The Company

## 1.1 The Background

The company is a major UK retailing chain, occupying a leading position within the UK Grocery Sector. The Company's share of the retail market (including food, drink, chemists, confectionery, tobacconists and newsagents) was 10.4 per cent in 1991/92 and 11 per cent in the first half of 1992/93. The essential core of the business is the supermarket business, in 1989/90 accounting for 74.6 per cent of group sales and 87.4 per cent of profit.

Company sales growth in supermarkets between 1988 and 1992 averaged over 13 per cent, ahead of the 'industry' growth rate of nine per cent.

**Table 1 Performance Record Estimates 1988 - 1992**

| | Year to mid-March | | | | |
|---|---|---|---|---|---|
| | 1988 | 1989 | 1990 | 1991 | 1992 |
| Group sales<br>(including VAT and sales tax) (£M) | 5,009 | 5,915 | 7,257 | 8,200 | 9,202 |
| Increase on previous year | 23.9% | 18.1% | 22.7% | 13.0% | 12.2% |
| Operating profit (£M)<br>Increase on previous year | 296<br>27.6% | 373<br>26.0% | 471<br>26.2% | 585<br>24.2% | 668<br>14.2% |
| Operating margin | 6.16% | 6.89% | 7.04% | 7.67% | 7.92% |

These sales growth figures include the effects of inflation, which accounted for eight percentage points of the 1990/91 15.7 per cent growth. Of the remainder of the growth the majority is as a result of opening new stores; like-for-like growth in existing stores accounts for only about one percentage point of the sales growth.

The total number of stores has increased by 19, from 280 in 1986 to 299 in 1991 and 313 in 1992. This overall growth figure masks a replacement policy whereby older stores were replaced or expanded. This has led to a very large increase in sales areas from 4.7 million sq.feet in 1986 to 7.0 million sq.feet in 1991, bringing an attendant increase in average store size and increases in sales per outlet. At the same time, sales per square feet have also increased.

## Table 2 Trends in Number of Outlets, 1985/86 - 1991/92

| | Year to mid-March | | | | | | |
|---|---|---|---|---|---|---|---|
| | **1986** | **1987** | **1988** | **1989** | **1990** | **1991** | **1992** |
| **Total no. of stores of which:** | 280 | 283 | 283 | 292 | 291 | 299 | 313 |
| Sales area over 25,000 sq ft | 39 | 54 | 74 | 95 | 116 | 136 | 159 |
| Sales area 15-25,000 sq ft | 122 | 119 | 115 | 110 | 106 | 102 | 98 |
| Sales are under 15,000 sq ft | 119 | 110 | 94 | 87 | 69 | 61 | 56 |
| **No. of stores opened during year** | 15 | 15 | 16 | 20 | 22 | 20 | 21 |
| **of which:** Replacement stores | 5 | 7 | 6 | 10 | 14 | N/A | 6 |
| No. Stores closed during year | 6 | 12 | 16 | 11 | 23 | 12 | N/A |
| **Total sales area ('ooo sq ft) of which:** | 4,692 | 5,043 | 5,463 | 5,964 | 6,430 | 6,951 | 7,632 |
| Sales area over 25,000 sq ft | 1,150 | 1,530 | 2,110 | 2,830 | 3,530 | N/A | N/A |
| Sales area 15-25,000 sq ft | 2,330 | 2,370 | 2,350 | 2,190 | 2,130 | N/A | N/A |
| Sales area under 15,000 sq ft | 1,210 | 1,130 | 1,010 | 940 | 770 | N/A | N/A |
| Net increase on previous year (%) | 8.5 | 7.3 | 8.5 | 9.2 | 7.8 | 8.0 | 9.8 |
| Average size per store ('000 sq ft) | 16.8 | 17.8 | 19.3 | 20.4 | 22.1 | 23.3 | 24.4 |
| Average size of new openings ('000 sq ft) | 27.4 | 29.2 | 30.7 | 31.4 | 32.3 | 33.5 | 34.9 |
| Estimated sales per outlet (£'000) | 12,117 | 13,371 | 14,923 | 16,307 | 18,307 | 21,237 | 23,962 |
| Estimated sales per sq ft (£) | 754.0 | 774.0 | 804.7 | 820.6 | 837.9 | 936.4 | 962.5 |

The development of larger stores does not signal the ultimate demise for small branches. While many have been closed, the company has proved that such units can continue to be viable (despite the establishment of a superstore nearby) with a change in emphasis of the product offer (eg. by replacing much of the standard grocery range with higher margin fresh produce and chilled foods etc) and given an appropriate catchment area.

The majority of stores are located in London and the Home Counties, but there is now a wide geographical spread throughout England and Wales. Penetration in the north of England and Scotland is relatively recent and not yet complete.

The company has a more limited range of product lines when compared to its main competitors:

**Table 3**

| Average Number of Product Lines per Store | |
|---|---|
| Case study company | 16,000 |
| Competitor A | 30,000 |
| Competitor B | 24,000 |
| Competitor C | 18,000 |

This enables the company to minimise cost and achieve high sales volumes. This low number of product lines is achieved by not having extensive non-food departments and by a high level of commitment to its own-label products, thereby restricting the number of third party products. The own-brand products are recognised as being of high quality specification and of lower cost than branded products. They are seen as good value for money options which enhances customer choice.

The own-label product portfolio stands at over 7,000 product lines, accounting for nearly half all products within an average store. Own-label grocery products account for 60 per cent of all grocery sales, and 70 per cent of total fresh food sales.

## 1.2 Distribution

The company was the first of the food multiples to be convinced of the benefits (in terms of costs, quality, stock control and efficiency) of central distribution, implementing a review of the supply chain in the early 1960s which led to the opening of the company's first three regional distribution centres. Following these openings the company's original central depot was closed.

At present almost 90 per cent of product (by sales value) is distributed centrally, with the remaining ten per cent (typically low value relatively bulky goods - including cereals and biscuits) being delivered direct to stores by manufacturers.

There are currently 22 depots in the company's distribution network, of which four are company owned. The Distribution Division is organised into five regions:- Eastern, Northern, Southern, South Eastern and Western.

Contract depots are owned and operated by major distribution companies including Tibbett and Britten, Exel Logistics, Christian Salvesen and Cory McGregor. They account for approximately 60 per cent of all deliveries to stores.

## 1.3 Recent Changes

Since 1973, when the company became a public company, there has been a series of steps towards diversification. These include:

- development of a chain of hypermarkets in a joint venture with another major chain, since 1975. There are currently nine such stores with a total sales area of 85,000 square feet and £240m. Complete control was taken in 1988;

- an entry into DIY retailing in 1979 in conjunction with a Belgian DIY retailer. There are 62 such stores in the UK;

- an entry into the US market with an acquisition of 21 per cent of a chain of supermarkets in New England. Complete control was gained in 1987.

The other major change, mentioned above, has been the increase in the number of larger, out-of-town or edge-of-town sites either as replacements or new developments. Twenty new superstores each year have been scheduled, for which 160 specific locations have been identified.

These stores will most likely be focused on filling in gaps in the current area of operation and gradually expanding outwards in line with the constraints of the distribution networks. There is considerable potential in the North of England, Wales and Scotland.

The company has increased its commitment to in-store departments, with such departments a feature of all new openings. The company currently operates 209 in-store bakeries, 260 delicatessens and 72 fresh fish counters. Additional departments including in-store florists and newspaper/magazines sections are being incorporated into the largest branches. There are also 61 coffee shops and 63 petrol stations operating within the chain.

# 2 Employment and Occupational Structure

## 2.1 Overall Employment and Occupational Structure and Trends

The total number of employees has been increased over the last five years.

**Table 4 Number of Employees, 1985/86 - 1991/92**

| | 1985/86 | 1986/87 | 1987/88 | 1988/89 | 1989/90 | 1990/91 | 1991/92 |
|---|---|---|---|---|---|---|---|
| UK Group, Average no. of employees | 66,000 | 69,000 | 72,000 | 82,000 | 87,000 | 95,000 | 99,000 |

These figures relate to the overall group, including the DIY and hypermarket chains. The number of staff in the central store operation total just under 85,000.

**Table 5 Occupational Structure**

| | | 1991 |
|---|---|---|
| **Total number of employees** | | **84,654** |
| Salaried Staff | | 15,443 |
| **Weekly paid** | | |
| a) Retail | | 67,310 |
| Specialist sales people | 3,715 | |
| Other sales people | 28,152 | |
| Temp/casual sales people | 4,797 | |
| Warehouse | 3,032 | |
| Clerical and Administrative | 3,879 | |
| Cashiers | 23,735 | |
| b) Distribution | | 1,710 |
| Warehouse | 1,027 | |
| Drivers | 387 | |
| Engineers - skilled | 142 | |
| - | 45 | |
| semi/unskilled | 109 | |
| Catering/hygiene | | |
| c) Head Office | | 191 |
| Catering | 67 | |
| Engineers | 46 | |
| Clerical | 78 | |
| **Total - Weekly Paid** | | **69,211** |

The company has two grades of staff, salaried and weekly paid. The overall breakdown by occupation is given in Table 5 (above) with a more detailed breakdown of salaried staff in Table 6, below. As can be seen, over 80 per cent of salaried staff are management and supervisory staff, and the majority of these are retail managers.

**Table 6 Breakdown of Salaried Staff**

| Division | Managers and Supervisors | Retail Professional | Other Professional | Clerical/ Admin. | Total |
|---|---|---|---|---|---|
| Trading/ marketing | 93 | 240 | 201 | 155 | 689 |
| Head Office | 353 | - | 792 | 548 | 1,693 |
| Distribution | 315 | - | 25 | 247 | 587 |
| Retail | 11,481 | - | 569 | 371 | 12,421 |
| Total<br>(%) | 12,242<br>*(80)* | 240<br>*(1)* | 1,587<br>*(10)* | 1,321<br>*(9)* | 15,390 |

*Note: The head office figures include site acquisition, information systems, personnel, finance and legal services.*

## 2.2 Role of Trade Unions

The role of trade unions in the company varies according to location. In the head office (2,500 employees) there is very little unionisation. Staff are represented through a Joint Consultative Council which meets quarterly. There is some unionization in the retail division (approximately three per cent of staff), whereby recognition is awarded to a trade union with a minimum of 20 members. Recognition consists of the right to a shop steward, a union notice board and the right to represent individuals. The trade unions gaining recognition are the TGWU and USDAW.

The distribution division is strongly unionised with full collective bargaining rights. The main unions are USDAW, TGWU and the AEEU.

## 2.3 Part-time Workers

While there has been some use of part time employees for the last thirty or forty years, numbers have increased markedly over the last decade. Part-timers work between 8 and 36 hours per week compared with 39 hours for full-timers. Currently 49,987 out of a total 81,736 weekly paid retail staff are part-time, 61 per cent. The great majority are at basic grade level, and recruits are mainly women and students.

The use of part-timers to match trade cycles has become increasingly sophisticated, something which has been made possible by the facility to make computer based projects of the numbers of staff needed at different times of day and the week. The nature of the task can be appreciated in relation to the fact that a week's trading is around 72 hours, and that a store might have a total of up to 560 staff, of whom no more than 120 are ever on duty at any one time.

The quality of part-time staff is equal to that of full-time staff. A minority of part-timers are seeking work for temporary periods in order, for instance, to save for a holiday and this results in an element of turnover at the three month stage. This has been reduced by the effects of the recession and improvements in internal recruitment procedures. Length of service for part-timers working 16 hours or more per week thereafter is similar to that for full time staff.

Part-timers are valued within the company ethos and there are no concerns about their ability to offer quality of service. They received the same training as full-timers in their grade. Part-timers receive permanent contracts, and pay and other conditions are the same (pro rata) as for full-time employees, although sick leave provision has still to be completely harmonised. Eligibility for the pension scheme has recently been extended to those working less than 36 hours per week and to staff aged between 60 and 65.

Given the historical trend towards greater part time working and the current heavy reliance upon part-timers, the company sees every advantage in continuing with this type of work arrangement. They think it highly likely that they will continue to make extensive use of part-time working.

## 2.4 Gender

As already indicated, the majority of part time employees, and thus of sales staff, are women. The Table below gives details of employment levels by gender and employment status.

**Table 7 Employment by Gender and Status**

| | 1987 | | | 1991 | | |
|---|---|---|---|---|---|---|
| | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** |
| Full-time | 14,105<br>*(54)* | 12,039<br>*(46)* | 26,144 | 17,165<br>*(54)* | 14,584<br>*(46)* | 31,749 |
| Part-time | 8,030<br>*(20)* | 32,291<br>*(80)* | 40,321 | 10,694<br>*(21)* | 39,293<br>*(79)* | 49,987 |
| **Total** | **22,135**<br>*(33)* | **44,330**<br>*(67)* | **66,465** | **27,859**<br>*(34)* | **53,877**<br>*(66)* | **81,736** |

*Note: Figures in brackets are percentages of total in rows.*

Females in 1991 comprise 66 per cent of total staff, they form 79 per cent of part-time staff. Conversely, males form 34 per cent of the workforce and 21 per cent of them are part-time. These proportions have not changed significantly over the last five years.

The tendency within stores is for women to dominate at basic grade level, and to be represented less and less at each succeeding step of the management hierarchy. However, the company has recently appointed a woman as its overall financial director, with a place on the main board. It is one of a tiny minority of companies with a female executive on the main board, and one of only two companies in the FTSE-100 with a female finance director. The company has also recently appointed a woman as a Departmental Director. The company was a founding member of "Opportunity 2000", a Business in the Community Initiative which encourages companies to increase the quality and quantity of women's participation at all levels. Actions taken under the umbrella of this initiative are resulting in increased female representation throughout the management ranks. The company was listed as being amongst the UK's 50 "Best Companies for Women" in a book published under that title.

Company initiatives to increase women's participation at management level are described in Section 6.

## 2.5 Ethnicity

Nationally the proportion of employees from ethnic minorities is five per cent, and they constitute six per cent of those who are weekly paid. These figures are comparable to the numbers of ethnic minority employees in the working population as a whole.

# 3 Factors Likely to Change Skill and Occupational Skill Needs

## 3.1 Changes in Demand

Whilst overall demand in the retail market appears to be static, the company is pushing ahead with their expansion programme in the belief that the superstore market has yet some way to develop before reaching saturation. The intention is thus to increase their market share of total retail sales at the expense of older, non-superstore outlets. In the recent past most growth has been via new stores. Future expansion will focus on pushing out the current geographic boundaries into Northern England, Wales and Scotland.

Procedures for the opening of new stores are well established. No major organisational changes are envisaged in connection with expansion or any other aspects of store development.

## 3.2 Products

Under current supply methods there is increasingly a trend for more of the preparation of fresh products to be done before they reach the store. This results in some changes to the skill requirements of specialist staff, with less opportunity to use trade skills and a greater requirement for organisational and customer service skills.

An important aspect of customer service skills will be employees' product knowledge. For instance, a greater variety of fresh produce is being offered for sale, including exotic fruit and vegetables previously unknown both to the buying public and to sales staff. All employees who deal directly with customers, including those who fill shelves and at the checkout, should be able to give basic information about products.

## 3.3 New Technology

The early centralisation of the distribution system allowed the company to make early use of computerisation. In the mid-1970's, 24 and 72 hour order cycles were introduced based on the turnover of the product. Further refinements have since taken place to these cycles, reflecting individual branch service requirements.

The company has introduced scanning in nearly all stores, which achieve a 'first scan rate' of 95 per cent whilst 'failed scans' (no scan after three passes) amount to less than one per cent.

The company is actively looking to introduce similar laser scanning and bar-coding technologies at depot level to automate the priority of orders for deliveries to stores. This should increase warehouse efficiency and lower operating costs.

Electronic Funds Transfer at the Point of Sale (EFTPOS) technology was introduced in 1988 and all scanning stores are now connected. More than 33 per cent of sales are made via EFTPOS.

The major technological changes have now been made, job re-design has been settled, and the changes due to the introduction of information technology are 'over the hump'.

### 3.4 Legislation/Other Government Initiatives

The major government initiative which will impact will be the EC directive on re-packaging of materials. In a sense the company already complies with this in that it has a policy of being a leader in the field of environment policy. The company has developed an Environmental policy includes:

- use of derelict land or land unfit for other purposes for sites, plus sensitive architectural design;
- a deliberate programme of energy-efficiency and energy saving;
- sponsorship of a 'green' label scheme for commercial buildings;
- environment friendlier products;
- recycling including the use of recycled material in packaging.

The introduction of TECs has caused an administrative challenge with regard to the training schemes for young people (16-17 year olds). There is now a need to negotiate 67 separate contracts instead of the previous one. The move to output-related funding for the TECs, whilst simplifying administrative procedures has meant that there is a cost to the company as a result of a slower cash flow.

The EC Social Directive may make an impact, especially regarding work time on the delivery and distributive front.

# 4. Future Occupational and Skills Profile

## 4.1 Management

Increasing sophistication of IT systems has changed the balance of skills required of managers. When such systems were first brought in managers were given training in each one, but experience showed that such detailed knowledge was not necessary; familiarisation sessions instead were adequate. It is now recognised that what managers need to develop is the ability to establish how much of a new system one needs to learn in order to be able to understand the principles involved and to appreciate the kind of information it offers.

Whereas there has always been a need for leadship and interpersonal skills from managers, such skills are increasingly required in a greater range of contexts - with staff and customers inside the store, with suppliers, and also with members of the wider community. The ability to manage people will be needed for all aspects of store management rather than within departmental boundaries.

In the past management could be carried out to some extent by following procedures correctly. The availability to the manager of more information about supplies, sales and profits puts a greater premium on the ability to interpret and use information. A longer working week with elaborate shift systems puts greater onus on the manager to communicate effectively with the staff required to cooperate within it.

In summary there is:

- an increasing need to make effective use of information supplied by technology;
- a shift from skills relevant to a particular department (eg butchery) to general management skills;
- a broadening of the management role, away from the following of procedures, towards greater emphasis on the ability to manage people and represent the store in the community.

## 4.2 Sales Staff

EPOS and scanning have already been successfully introduced to stores, and no difficulties have been encountered in training staff for these purposes. Changes in types of product and their presentation, already discussed, will require more skills in 'product recognition', enabling staff to talk meaningfully about products, and there will also be more emphasis on customer service and good communication skills.

The jobs themselves are not changing radically, and no difficulties are envisaged in training sales staff to the required standard.

## 4.3 Generic

The growth of IT has changed a number of roles of staff at all levels. For example, the Buying Department now has a high level of computerised input. One of the first tasks of all graduate entrants is to master the technology.

# 5 Recruitment

## 5.1 Regular Sources

One source for recruitment of permanent staff up to Section and Departmental Manager is the company's own Retail Training Scheme. It is the only means of entry for 16/17 year olds, with between 300 and 400 entrants per year. There are no formal academic entry qualifications required, young people being selected on the basis of attitude, motivation and ability to cope in a fast moving retail environment, as explored in interviews. Occasionally a young person with learning difficulties is taken on if there is evidence of future potential (the company has provided basic skills tuition to help them). The company has also recruited a number of handicapped trainees.

The company also recruits each year hundreds of candidates with 'A' Level qualifications. In addition to the evidence of attainment of 'A' Levels, the company seeks (via Assessment Centres) competence in literacy and numeracy, combined with positive motivation and practical "down to earth" approach to life and problem solving. The expectation is that such individuals will progress in due course to Deputy Branch Manager positions. Approximately 100 graduates are recruited each year and are expected, after training, to fill Branch Manager positions and above.

## 5.3 Recruitment Initiatives

Recruitment for new stores is via Jobcentres and local media advertising. Vacancies at existing stores are advertised on designated public noticeboards at the stores concerned, and usually filled by this means. As has been stated, many are women, often returning to work after fulfilling domestic commitments. The company sees this source as particularly relevant and has pursued child care initiatives which include day care nurseries, a career bridging scheme and part-time working. It plans to trial child care vouchers and term-time contracts.

The company also continued to target both ethnic minority groups and the disabled as other alternative sources to the downward demographic trend of school leavers.

From 1987 recruitment of employees was extended to older workers and approximately 2,000 aged 60 plus (with no upper age limit) were recruited, mostly on a part-time basis. Pension eligibility was extended to those working fewer than 36 hours per week and to staff aged between 60 and 65. Employees in this age group have a well developed sense of responsibility, very good social skills with customers, and a strong work ethic. Whilst initial training costs are higher, this is marginal. In general, the initiative has been very successful and the company would welcome more recruits from the older age group.

Otherwise, the main focus of current recruitment activity is on better marketing of the company as an employer to potential employees at a number of levels. Contacts with schools and higher education are being increased to heighten awareness of potential careers within the group. Contact is being encouraged between branches and local schools, and the schools liaison programme is an important means of demonstrating that they offer a wide range of careers.

A Company Scholarship scheme is in operation. This is designed to interest students who are working on a part-time basis for the company and who qualify for management positions, to consider a career in retail management. Similar scholarship opportunities exist for those successfully completing vacation training or industrial placements with the company. Overall the company provides 100 studentships each year for student employees joining further education courses and for final year undergraduates.

Whilst young people will remain a key source of recruitment, the longer term recruitment strategy is to widen the basis of recruitment to include a greater emphasis on recruitment of women returners and older people.

# 6 Training and Personal Development

## 6.1 Training Provision

The company is committed to providing opportunities for personal development for everyone, therefore training and development programmes are available to all staff from junior levels to senior management. Training is provided both at induction and on an on-going basis in various aspect of retail and customer service skills, use of computer systems, and management. Major programmes include its own retail training scheme for Youth Trainees, management trainee schemes, and a Senior Management Development Programme for updating managerial and technical skills.

The company contributed at national level to the development of the Retail Certificate, a National Vocational Qualification. It built on the high level of existing training, and evaluates a range of practices in connection with work-based competencies on-the-job. However, additional formal off-job training provision was made to cover the knowledge requirements of the certificate and to support the personal development of trainees. The company is exploring the possibility of making the qualification - and thus the training associated with it - available to other staff, provided that it can be effectively integrated into the needs of the business.

## 6.2 Development and Training Initiatives

The company has several initiatives to develop the skills of existing staff and thus to increase their promotion opportunities and personal contribution to the business. The aim is to improve retention of staff by meeting more of their personal needs. Many of these initiatives, although not directed specifically at women, are likely to benefit them. The company is also committed to Opportunity 2000, a national initiative to encourage the further development of women in organisations.

One such effort is to increase management opportunities for part-timers. This is having some success at headquarters and in stores part-time working is well established for Section Managers. Trials are also in place for part-time working and job-sharing arrangements at higher levels. Full-time managers work a 39 hour week and often work hours in excess of this. Currently there are 500 part-time staff at management level.

A new career-bridging scheme was introduced in 1989 and is being offered to attract women back into middle management. The scheme has been very successful in returning these highly qualified women and the numbers returning has trebled in the first two years of operation.

The company is also carrying out trials of a career guidance scheme for weekly paid staff called 'Choices'. Individuals in this group may have the aptitude for more demanding work but lack confidence or know-how to develop themselves further. The scheme will provide them with impartial guidance and information on opportunities available to them to further their development. This may include the chance to try out a job before being committed, local education courses or company training. Whilst there are no plans for any major new area of skills training,the need for training is continually reviewed alongside the needs of the business. There is likely to be a continued emphasis on management training at higher levels and among weekly paid staff training will focus on product knowledge and the introduction of new systems.

The company has also made a commitment to seeking 'Investors in People' status. This is a government initiative to encourage the development of skills appropriate to the needs of the business, which is entirely consistent with the company's long-standing philosophy and practice on training.

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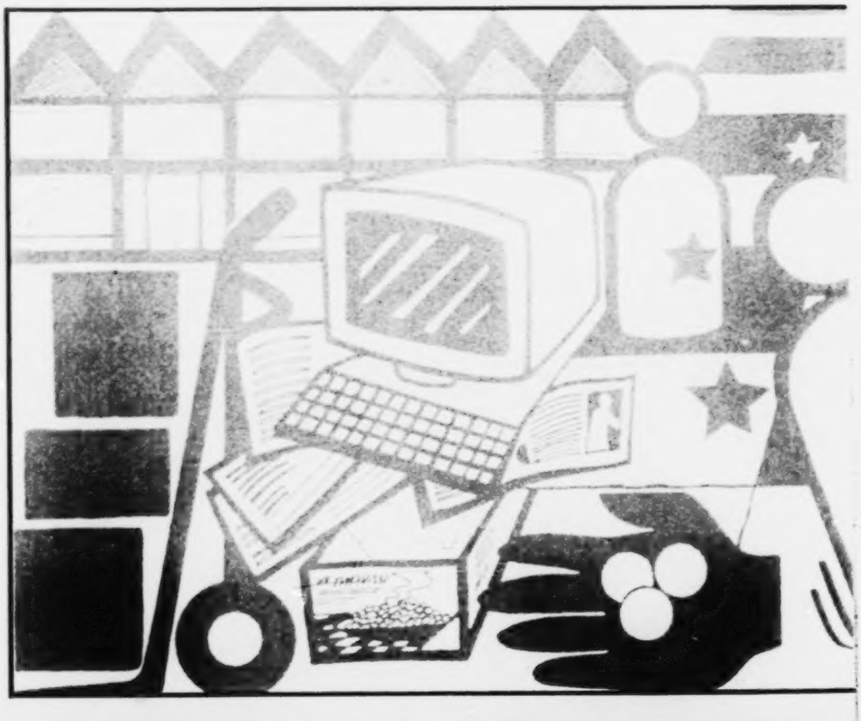Tel. 0273 686751
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